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If you have sold or transferred all your shares in ABLE ENGINEERING HOLDINGS LIMITED, you should at once hand this circular to the purchaser(s) or transferee(s) or to the stockbroker, registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any shares of the Company.

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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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

AmCap

Ample Capital Limited

豐盛融資有限公司

A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee containing its recommendation is set out on pages 20 to 21 of this circular. A letter from Ample Capital Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 44 of this circular.

A notice convening the extraordinary general meeting of the Company (or any adjournment thereof) (the "EGM") to be held at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong on Friday, 29 April 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed herewith.

Whether or not you intend to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so wish.

To safeguard the health and safety of the shareholders of the Company ("Shareholders"), the Company encourages the Shareholders to consider appointing the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM, instead of attending the EGM in person. Please see Note 12 of the Notice of EGM set out on page EGM-3 of this Circular for measures to be implemented to try to prevent and control the spread of the coronavirus disease ("COVID-19") at the EGM.

31 March 2022

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DEFINITIONS

The following expressions in this circular have the meanings set out below unless the content requires otherwise:

“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
“Articles of Association”	the articles of association of the Company currently in force
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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 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
“Enlarged Group”	the Group and the Gain Capital Group upon Completion

DEFINITIONS

“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 Latest Practicable Date
“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
“HKSAR Government”	the government of the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Latest Practicable Date and a member of the Gain Capital Group
“Independent Board Committee”	an independent committee of the Board which comprises all the independent non-executive Directors, established 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 the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder

* For identification purpose only

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s) other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Independent Valuer”	Cushman & Wakefield Limited, an independent professional valuer appointed by the Company for the valuation of the Gain Capital Group and the Property
“Latest Practicable Date”	25 March 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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 Latest Practicable Date, (b) a controlling shareholder, the chairman, and an executive Director of the Company and (c) the seller of the Acquisition
“Mr. YAU”	Mr. YAU Kwok Fai, an executive Director of the Company
“PRC”	the People’s Republic of China which, for the purpose of this circular, 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”
“RMAA”	construction related works regarding repair, maintenance, alterations and/or additions
“RMB”	Renminbi, the lawful currency of the PRC
“Tregunter Global”	Tregunter Global Limited, a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of the Company and the buyer of the Acquisition

DEFINITIONS

“Sale Shares”	10,000 ordinary shares of Gain Capital, representing the entire issued share capital of the company
“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 circular 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.



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)

Directors:

Executive Directors:

Mr. NGAI Chun Hung (*Chairman*)
Mr. CHEUNG Ho Yuen (*Chief Executive Officer*)
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

Registered Office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal

Place of Business:

No. 155 Waterloo Road
Kowloon Tong
Kowloon
Hong Kong

31 March 2022

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARES OF
GAIN CAPITAL CORPORATION LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 18 February 2022 in relation to the Acquisition.

The purpose of this circular is to provide you with, 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, together with a form of proxy.

LETTER FROM THE BOARD

THE ACQUISITION

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, the Gain Capital Companies will become indirectly wholly-owned subsidiaries 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.

LETTER FROM THE BOARD

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 the Gain Capital Group to Mr. NGAI as at the Latest Practicable Date is HK\$138,000,000). Pursuant to the Agreement, Mr. NGAI agreed that he shall not, and procure the Gain Capital Group not to, take any actions or allow any actions to be taken that would result in the repayment of the shareholder's loan or incurrence of further indebtedness due and owing by the Gain Capital Group to Mr. NGAI. The Company therefore considers that the amount of Sale Loan shall not be less than and shall remain at HK\$138,000,000 as at Completion and no adjustment to the Consideration would be required.

According to the valuation report issued by the Independent Valuer, the Independent Valuer adopted the asset-based approach to assess the market value of the Gain Capital Group as at 31 December 2021 in accordance with the International Valuation Standards. The Independent Valuer considers the asset-based approach to be the most appropriate methodology for such valuation as the Gain Capital Group did not have any business operation as at 31 December 2021.

The major inputs adopted in the valuation of the Gain Capital Group are set out below:

- (a) Surplus arising from the value in respect of the construction in progress on the Property of approximately HK\$11,269,000 as at 31 December 2021, which was determined based on the valuation of the construction in progress of approximately HK\$116,083,000 minus the book value of the construction in progress of approximately HK\$104,814,000;
- (b) Surplus arising from the value in respect of the land use rights of the Property of approximately HK\$34,198,000 as at 31 December 2021, which was determined based on the valuation of the land use rights of approximately HK\$49,225,000 minus the book value of the land use rights of approximately HK\$15,027,000; and

LETTER FROM THE BOARD

- (c) Deducting the consolidated net liability of Gain Capital of approximately HK\$2,024,000 as at 31 December 2021 based on the unaudited consolidated management accounts of Gain Capital as at 31 December 2021.

The indicative valuation of the Property as at 31 December 2021 of HK\$165,308,000 as assessed by the Independent Valuer represents the aggregate amount of the valuation of the construction in progress on the Property of approximately HK\$116,083,000 and the valuation of the land use rights of the Property of approximately HK\$49,225,000 indicated above.

The Directors, having reviewed the valuation methodology and major inputs of the valuation reports prepared by the Independent Valuer in respect of the Gain Capital Group and the Property (as set out in Appendix I of this circular) respectively, understood and concurred that:

- (i) the asset-based approach adopted by the Independent Valuer for the valuation of the Gain Capital Group as of 31 December 2021 is most appropriate, having considered (i) since the Gain Capital Group has no business operation, the lack of past, current or future cash flows for consideration if income approach was to be adopted; and (ii) since the Gain Capital Group is solely engaged in investment holding of the land use rights of the Property with the industrial and office buildings under construction, the lack of market comparable that are listed companies of similar nature and/or transactions of private companies of similar nature for a fair and reasonable direct comparison if market comparison approach was to be adopted;
- (ii) the market comparison approach adopted by the Independent Valuer for the valuation of the land use rights of the Property is most appropriate given the availability of comparable sales evidences of the land use rights of bare land in the relevant market; and
- (iii) the approach adopted by the Independent Valuer for the valuation of the Property as of 31 December 2021 by taking into account the expended construction costs as well as the costs that will be expended to complete the development is most appropriate, having considered (i) the lack of active market for similar under-construction premises if market comparison approach was to be adopted; and (ii) since the said industrial and office buildings under construction do not generate income or will not generate income in the near future, the lack of past, current or future cash flows for consideration if income approach was to be adopted.

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

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- (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 Company, 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.

With respect to conditions (f)(i) and (ii) above, the Company is given to understand that no requisite filings or registrations is required to be made, and no requisite governmental authorisations is required to be obtained from any applicable government entities, in connection with the transactions contemplated under the Agreement as at the Latest Practicable Date.

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). As at the Latest Practicable Date, only conditions (c) and (d) have been fulfilled.

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.

LETTER FROM THE BOARD

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 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 after Completion.

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 Latest Practicable Date.

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 Latest Practicable Date, the entire issued share capital of Gain Capital is directly held by Mr. NGAI.

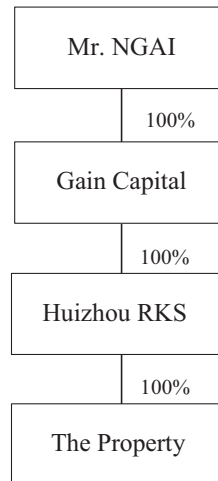
Huizhou RKS

Huizhou RKS is a limited liability company established under the laws of the PRC. The principal business of Huizhou RKS is the holding of the land use rights at Dongbianyi (local name), Hongxing Village and Dongfeng Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province* (廣東省惠州市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 the Latest Practicable Date, the entire equity interests in Huizhou RKS is held by Gain Capital.

* for identification purposes only

LETTER FROM THE BOARD

The group structure of the Gain Capital Group as at the Latest Practicable Date and immediately before Completion is set out as follows:



Property held by the Gain Capital Group

As at the Latest Practicable Date, the Gain Capital Group owns the land use rights 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:	Dongbianyi (local name), Hongxing Village and Dongfeng Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province* (廣東省惠州市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

LETTER FROM THE BOARD

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Profit/(loss) before taxation	460	(6)
Profit/(loss) after taxation	<u>460</u>	<u>(6)</u>

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
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(unaudited)
Loss before taxation	(1,385)	(1,478)
Loss after taxation	<u>(1,385)</u>	<u>(1,478)</u>

Based on the management accounts of Gain Capital prepared in accordance with the generally accepted accounting principles in Hong Kong as at 31 December 2021, the unaudited consolidated net liability of Gain Capital amounted to approximately HK\$2,024,000.

LETTER FROM THE BOARD

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 ("MiC") for private building developments in Hong Kong, the Buildings Department has set up a pre-acceptance mechanism for granting in-principle acceptance to MiC systems/components.

Back in 2019, the Group had started considering the possibility of expanding its business upstream and started identifying suitable properties in Hong Kong and the PRC. In July 2019, the Group (through Rhythm Classic Limited, an indirect wholly-owned subsidiary of the Company) entered into a framework agreement in view of acquiring a plant in the New Territories, Hong Kong for manufacturing of building components such as free-standing integrated modules. However, due to the conditions precedent to such proposed acquisition were not fulfilled or waived by Rhythm Classic Limited within the valid period of the framework agreement, the acquisition was not proceeded to completion. The Group has since then continued to seek other potential upstream expanding opportunities from time to time.

According to The Chief Executive's 2021 Policy Address, the HKSAR Government has identified around 350 hectares of land and around 170 hectares of land for additional supply of approximately 330,000 public housing units for the 10-year period commencing year 2022-2023 and approximately 100,000 private housing units, respectively. The Chief Executive's 2021 Policy Address also introduced the idea of "The Northern Metropolis" which include the provision of approximately 350,000 residential units through projects currently planned or under planning and an additional 600 hectares of land within the Northern Metropolis for residential and industrial purposes. Correspondingly, it is estimated that approximately HK\$75.5 billion in the Capital Works Reserve Fund shall be allocated to public works programme in The 2022-2023 Budget of the HKSAR Government, representing an increase in the estimated amount of approximately HK\$67.8 billion allocated to the same category for the financial year 2021-2022, despite the on-going COVID-19 pandemic.

LETTER FROM THE BOARD

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 anticipation of the increase in demand for construction works in Hong Kong due to the long-term development plan of the HKSAR Government despite the on-going COVID-19 pandemic and in view of maximising the profit margin and shareholders' return, the Group considers it to be beneficial in the long run if it could proceed with its upward expansion plan so that the Group could ensure the quality of the integrated-modules, and lower or otherwise manage the cost for obtaining the integrated-modules in time after completion of the construction of the factory (which is expected to be in or around the end of 2022) to meet the expected surge in demand for construction works.

As at the Latest Practicable Date, the Gain Capital Group is the sole and beneficial owner of the Land on which the Gain Capital Group has started the construction of the buildings (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, where at the Latest Practicable Date, the Company does not expect that any modification to the current construction plan is needed;
- (ii) the extensive experience of the Group and its executive Directors in the construction industry allowed the Group to be familiar with the assembling and using of free-standing integrated modules. In particular, most of the executive Directors have over 25 years of experience in the construction industry where they have extensive experience from assembling buildings on site from scratch with building blocks and materials to utilising free-standing integrated modules. With the two methodologies sharing the same or substantially similar principles in assembling modules, the Directors considered that the in-depth knowledge and hands-on experience of the Group and its executive Directors are transferable and applicable to managing businesses involving the assembly and supply of free-standing integrated modules.

In addition, the Group has been utilising free-standing integrated modules in its construction projects for more than 10 years. As part of the due diligence and quality control assessment, the management has from time to time visit the suppliers and their factories to conduct quality check and quality control inspection to ensure the quality of the end products and the efficiency of the manufacturing process. This allows the Group to have a comprehensive understanding on the manufacturing and supply process from the point of view of a supplier and an end user;

LETTER FROM THE BOARD

- (iii) the benefits and synergies created by expanding to upstream manufacturing business is 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
- (iv) 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. When considering the indicative valuation of the Property as at 31 December 2021, the Directors had taken into account, inter alia, the potential impact the COVID-19 pandemic has on the market value of the Property. In considering whether any adjustments to the valuation are required the management have conducted independent research on the transaction price of bare land in Boluo County of similar usage through www.landchina.com (中國土地市場網):
 - (a) Based on the information available to the Company prior to the entering into of the Agreement, the unit price of bare land in Boluo County of similar usage in two transactions completed in mid-January 2022 ranged from approximately RMB955 per square meter to approximately RMB1,290 per square meter, whilst the auction reserve price of seven bare lands in Boluo County of similar usage pending auction by the Natural Resources Bureau of Boluo County* (博羅縣自然資源局) (the "**Natural Resources Bureau**") was approximately RMB855 per square meter as of February 2022. The auction reserve price of these seven bare lands indicated the minimum price that the Natural Resources Bureau can accept as the winning bid, which the Company views as a reliable indication from relevant authorities that there was no adverse impact to the market value of nearby lands due to COVID-19, albeit the transactions have not been completed as at the Latest Practicable Date.
 - (b) In light of the resurgence of confirmed cases due to the omicron variant of COVID-19, the Company has from time to time monitored the potential fluctuation in market price of bare lands in nearby areas of the Property. Based on the information available to the Company, although there has been no new completed transactions of bare land of similar usage in Boluo County since mid-January 2022, there were two additional transactions relating to lands in Huizhou of industrial usage (having excluded transactions relating to lands of different usage) completed in March 2022 indicating the unit price ranged from approximately RMB993 per square meter to approximately RMB1,004 per square meter.

LETTER FROM THE BOARD

In view that the post-valuation unit price of bare land in Boluo County and Huizhou of similar usage since 1 January 2022 and up to the Latest Practicable Date were higher than the unit price of the land use rights of the Property adopted by the Independent Valuer in the valuation of the Property under the Acquisition (i.e. RMB801 per square meter), the Directors considered that there was no adverse impact to the market value of the Property and hence no downward adjustment is required for both the indicative valuation of the Property and the Consideration payable under the Acquisition, subsequent to 31 December 2021,

the Directors (including the independent non-executive Directors whose recommendation is now contained in this circular 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 who abstained from voting due to his family relationship with Mr. NGAI as Mr. YAU and Mr. NGAI are brothers-in-law) are of the view that although the Acquisition is not in the ordinary and usual course of business of the Group, 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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

THE EGM

The EGM Notice is sent out on pages EGM-1 to EGM-3 of this circular. The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder.

To determine the entitlement to attend and vote at the EGM to be held on 29 April 2022, Friday, the register of shareholders of the Company will be closed from 26 April 2022, Tuesday to 29 April 2022, Friday (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, unregistered holders of the Shares should ensure all share transfer documents accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 25 April 2022, Monday.

A form of proxy is enclosed with this circular for use at the EGM. Whether or not you intend to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible, and in any event, no later than 48 hours before the time appointed for holding the EGM.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the Latest Practicable Date, (i) Golden Lux Holdings Limited, a company indirectly, wholly and beneficially owned by Mr. NGAI, is interested in 1,500,000,000 Shares, representing 75% of the total number of issued Shares in the Company; and (ii) save as disclosed above, Mr. NGAI is not interested in any other Shares or underlying Shares. In view of Mr. NGAI's interests in the Acquisition, Mr. NGAI and his associates (including Golden Lux Holdings Limited) will abstain from voting at the EGM. Save for the aforementioned and to the best knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and is required to abstain from voting on the resolution of the Company in approving the Agreement and the transactions contemplated thereunder at the EGM.

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.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles of Association, all votes of the Shareholders at general meetings of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hand. Accordingly, the chairman of the EGM will demand a poll for every resolution put to the vote at the EGM. The results of the poll will be published on the websites of The Stock Exchange and the Company as soon as possible in accordance with Rule 13.39 of the Listing Rules.

RECOMMENDATION

The Directors consider that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of Acquisition are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM in relation to the Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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



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)

31 March 2022

To the Independent Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARES OF
GAIN CAPITAL CORPORATION LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 31 March 2022 (the “Circular”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the Acquisition and to advise you as to whether, in our opinion, the terms of the Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Ample Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from the Independent Financial Adviser; and (iii) the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Agreement and the transactions contemplated thereunder, and having taken into account the opinion of the Independent Financial Adviser and, in particular, the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser from pages 22 to 44 of the Circular, we consider that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of Acquisition are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM in relation to the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Able Engineering Holdings Limited

Prof. KO Jan Ming

Dr. LEE Man Piu Albert

Dr. LI Yok Sheung

Ms. MAK Suk Hing

Mr. MONG Chan

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of the letter of advice from the Independent Financial Adviser, Ample Capital Limited, to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

AmCap

Ample Capital Limited

豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

31 March 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

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

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 31 March 2022, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 18 February 2022, 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.

As at the Latest Practicable Date, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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.

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 Limited 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.

OUR INDEPENDENCE

We are not associated or connected with the Group, the counterparty of the Agreement or their respective core connected persons or associates. We have also been engaged by the Company to act as the independent financial adviser to the Independent Board Committee in relation to the following agreements and the transactions contemplated thereunder: (i) the sale and purchase agreement dated 18 February 2022 entered into between Caulfield Global Limited (an indirect wholly-owned subsidiary of the Company)(as buyer), Lanon Holdings Limited (as seller) and Mr. NGAI Wing Yin (as the personal guarantor) in relation to the acquisition of the 50% of the entire issued share capital of Lanon Development Limited ("**Lanon Development**"); (ii) the framework agreement dated 18 February 2022 entered into between Lanon Development (as the contractor) and the Company (for and on behalf of itself and any of its subsidiaries) (as the subcontractor), pursuant to which Lanon Development may engage the members of the Group as subcontractor from time to time in respect of the provision of contracting services in relation to civil engineering works, building construction and RMAA works in Hong Kong; and (iii) the framework agreement dated 18 February 2022 entered into between the Company (for and on behalf of itself and any of its subsidiaries) (as the contractor) and Lanon Development (as the subcontractor), pursuant to which any member of the Group may engage Lanon Development as subcontractor from time to time in respect of the provision of contracting services in relation to civil engineering works, building construction and RMAA works in Hong Kong (the "**Other IFA Engagements**"). Aside from our engagement as the Independent Financial Adviser and our Other IFA Engagements, we have not provided any other services to the Group in the last two years prior to the Latest Practicable Date. Pursuant to Rule 13.84 of the Listing Rules, in particular where our appointment in Other IFA Engagements would not be considered to affect our independence (or might reasonably give rise to a perception that our independence would be so affected) in performing our duties as set out in the Listing Rules given that remuneration for our Other IFA Engagement is at market rate and not conditional upon successful passing of the resolutions to be proposed at the EGM, and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

that our engagement is on normal commercial terms, we are independent of and not associated with the Company, the counterparties and their respective controlling shareholder(s) or connected person(s). As at the Latest Practicable Date, we did not have any relationships with or interests in the Group or any other parties that could reasonably be regarded as relevant to the independence of us.

BASIS OF ADVICE

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the counterparty of the Acquisition or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

A. BACKGROUND INFORMATION OF THE PARTIES

1. Information on the Group

The Group is principally engaged in the contract works business, which mainly comprised building construction and RMAA works in Hong Kong.

Financial information of the Group (as extracted from the Group's interim report for the six months ended 30 September 2021 and the annual report for the year ended 31 March 2021) is further discussed below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

a) *Financial results of the Group*

Set out below is a summary of the financial results of the Group for the years ended 31 March 2020 and 2021 (“FY2020” and “FY2021”) and the six months ended 30 September 2020 and 2021 (“6M2020” and “6M2021”) as extracted from the respective financial reports.

	For the year ended		For the six months ended	
	31 March		30 September	
	2020	2021	2020	2021
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,547,841	3,705,241	1,411,491	2,001,876
Contract works for				
building construction	1,478,874	3,698,889	1,405,129	2,001,876
Contract works for				
RMAA works	68,967	6,352	6,362	–
Profit for the year/ period	23,975	94,700	1,396	13,528

6M2021 vs 6M2020

As set out in the Interim Report of the Company for 6M2021 (the “**Interim Report**”), the Group’s revenue amounted to approximately HK\$2,001.9 million for 6M2021, representing an increase of approximately 41.8% as compared to that for 6M2020. With reference to the Interim Report, such increase in revenue was mainly due to the increase in revenue recorded from the contract works for building construction. The revenue recorded from the Group’s contract works for building construction amounted to approximately HK\$2,001.9 million for 6M2021, representing an increase of approximately 42.5% as compared to that for 6M2020.

As illustrated by the table above and with reference to the Interim Report, the Group recorded profit amounted approximately to HK\$13.5 million for 6M2021. Such profit was substantially increased by approximately 8.7 times as compared to that for 6M2020 mainly due to (i) the increase in revenue recorded from the contract works for building construction; and (ii) the increase in share of profits of joint ventures.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

FY2021 vs FY2020

As set out in the Annual Report of the Company for FY2021 (the “**Annual Report**”), the Group’s revenue amounted to approximately HK\$3,705.2 million for FY2021, representing an increase of approximately 139.4% as compared to that for FY2020. With reference to the Annual Report, such increase in revenue was mainly due to the increase in revenue recorded from the contract works for building construction. The revenue recorded from the Group’s contract works for building construction amounted to approximately HK\$3,698.9 million for FY2021, representing an increase of approximately 150.1% as compared to that for FY2020.

As illustrated by the table above and with reference to the Annual Report, the Group recorded profit amounted approximately to HK\$94.7 million for FY2021. Such profit was substantially increased by approximately 326.4% as compared to that for FY2020 mainly due to (i) the increase in revenue recorded from the contract works for building construction; (ii) the decrease in staff costs and administrative expenses; and (iii) the decrease in other expenses.

With reference to its annual reports, the Group has been incurring profit in the past years.

b) Financial position of the Group

Set out below is a summary of the financial position of the Group as at 30 September 2021 as extracted from its interim report for 6M2021.

	As at 30 September 2021 (unaudited) HK\$'000
Non-current assets	1,345,256
Current assets	1,540,763
Non-current liabilities	500,775
Current liabilities	1,072,173
Net assets	1,313,071

As at 30 September 2021, total assets of the Group amounted to approximately HK\$2,886.0 million, which mainly comprised (i) property, plant and equipment of approximately HK\$1,242.5 million; (ii) contract assets and account receivables of approximately HK\$967.5 million; (iii) cash and cash equivalents of approximately HK\$395.5 million, and (iv) restricted cash of approximately HK\$124.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As at 30 September 2021, total liabilities of the Group amounted to approximately HK\$1,572.9 million, which mainly comprised (i) account payables of approximately HK\$693.2 million; (ii) interest-bearing bank loans of approximately HK\$542.0 million; and (iii) other payables and accruals of approximately HK\$310.8 million.

As at 30 September 2021, the Group recorded net assets of approximately HK\$1,313.1 million.

2. Information on Tregunter Global

Tregunter Global is a company incorporated in the BVI, an indirect wholly-owned subsidiary of the Company and does not engage in any business as at the Latest Practicable Date.

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

3. Information on the Gain Capital Group

Gain Capital

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

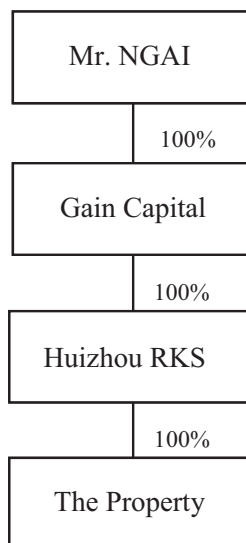
Huizhou RKS

Huizhou RKS is a limited liability company established under the laws of the PRC. The principal business of Huizhou RKS is the holding of a land-use-right at Dongbianyi (local name), Hongxing Village and Dongfeng Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province* 廣東省惠州市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 Latest Practicable Date, the entire equity interests in Huizhou RKS is held by Gain Capital.

* for identification purposes only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The group structure of the Gain Capital Group as at the Latest Practicable Date and immediately before Completion is set out as follows:



Property held by the Gain Capital Group

As at the Latest Practicable Date, 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(s):	Dongbianyi (local name), Hongxing Village and Dongfeng Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province 廣東省惠州市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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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	<u>460</u>	<u>(6)</u>

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	<u>(1,385)</u>	<u>(1,478)</u>

B. THE PROPOSED ACQUISITION

1. Principal terms of the Agreement

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.

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

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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 Valuer at HK\$43,400,000, having considered (i) the indicative valuation of the Property of the Gain Capital Group issued by the Valuer at RMB135,000,000 (equivalent to approximately HK\$165,308,000, being the aggregate amount of the valuation of the construction in progress on the Property of approximately HK\$116,083,000 and the valuation of the land use rights of the Property of approximately HK\$49,225,000), 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 the Gain Capital Group to Mr. NGAI as at the Latest Practicable Date is HK\$138,000,000). Pursuant to the Agreement, Mr. NGAI agreed that he shall not, and procure the Gain Capital Group not to, take any actions or allow any actions to be taken that would result in the repayment of the shareholder's loan or incurrence of further indebtedness due and owing by the Gain Capital Group to Mr. NGAI. The Company therefore considers that the amount of Sale Loan shall not be less than and shall remain at HK\$138,000,000 as at Completion and no adjustment to the Consideration would be required.

Conditions

Completion of the Acquisition is subject to and conditional upon, including but not limited to, the fulfilment (or waiver) of the conditions set out in the section headed "THE AGREEMENT – Conditions" in the Letter from the Board.

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 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.

2. Valuation of Gain Capital Group

The valuation of the Gain Capital Group, conducted by Cushman & Wakefield Limited (the “**Valuer**”), being an independent professional valuer appointed to conduct a valuation on the Gain Capital Group (the “**GC Valuation Report**”), is one of the key factors in determining the Consideration. According to the GC Valuation Report, the market value of 100% equity interest in Gain Capital Group amounted to approximately HK\$43.4 million as at 31 December 2021.

When assessing the fairness and reasonableness of the valuation, we have reviewed the GC Valuation Report and the independent valuation on the Property interests held by Gain Capital Group (the “**Property Valuation Report**”, conducted by the Valuer, details of which are set out in Appendix I of the Circular), discussed with the Valuer in relation to (i) the methodology and assumptions used in performing the valuations as well as whether such methodology and assumptions are appropriate and acceptable; (ii) their scope of work for conducting the valuations; and (iii) their relevant professional qualifications as a valuer.

Valuation methodology

GC Valuation Report

We noted from the GC Valuation Report that as Gain Capital Group has no business operation, the Valuer considered that asset-based approach to be most appropriate in the valuation. According to the Valuer, asset-based approach is a mean of estimating the value of a business interest using methods based on the market value of individual business assets less liabilities. As the book values of property interests may or may not reflect the market value, the Valuer performed the Property Valuation Report. After taking into consideration of the surplus from revaluation of the Property, the Valuer came up with the adjusted net asset value of the Gain Capital Group at HK\$43,400,000.

The major inputs adopted in the valuation of the Gain Capital Group are set out below:

- (a) Surplus arising from the value in respect of the construction in progress on the Property of approximately HK\$11,269,000 as at 31 December 2021, which was determined based on the valuation of the construction in progress of approximately HK\$116,083,000 minus the book value of the construction in progress of approximately HK\$104,814,000;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (b) Surplus arising from the value in respect of the land use rights of the Property of approximately HK\$34,198,000 as at 31 December 2021, which was determined based on the valuation of the land use rights of approximately HK\$49,225,000 minus the book value of the land use rights of approximately HK\$15,027,000; and
- (c) Deducting the consolidated net liability of Gain Capital of approximately HK\$2,024,000 as at 31 December 2021 based on the unaudited consolidated management accounts of Gain Capital as at 31 December 2021.

According to the Valuer, this method is in line with market practice.

We have discussed with the Valuer the reason for not adopting other commonly used valuation methods, namely income approach and market approach in coming up with the valuation of Gain Capital Group. According to our research, the income approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income approach estimates the future economic benefits and discount them to their present values using a discount rate appropriate for the risks associated with realizing those benefits. Pursuant to the "Letter from the Board", as (i) the Gain Capital Group has no business operation and (ii) the expected completion of the construction of factory, office and related premises is on or before 31 December 2022, we agree with the Valuer's view that income approach is not appropriate as the Gain Capital Group has no business operation and thus no past, current or future cash flows can be taken into consideration if income approach was to be adopted. According to our independent research, the market approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. In this regard, we agree with the Valuer's view that market approach is not appropriate as the Gain Capital Group is an investment holding company whereas (i) there are no listed companies of similar nature and (ii) there are no publicly available information of transactions of similar private companies for a fair and reasonable direct comparison. On the other hand, with reference to the International Valuation Standards published by the International Valuation Standard Council ("IVSC"), we note that the asset-based approach, also known as the underlying asset method *"is typically used for investment companies...for which value is primarily a factor of the values of their holdings."* Thus, given (i) the inapplicability of the income approach and market approach as discussed above; and (ii) the appropriateness of adopting

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the asset-based approach for the valuation of Gain Capital Group, which is solely engaged in investment holding of the land use right of the Property with the industrial and office buildings under construction, in accordance with the International Valuation Standards, we agree with the Valuer's view that the asset-based approach is most appropriate in the valuation of Gain Capital Group.

Property Valuation Report

The indicative valuation of the Property as at 31 December 2021 of HK\$165,308,000 as assessed by the Valuer represents the aggregate amount of the valuation of the construction in progress on the Property of approximately HK\$116,083,000 and the valuation of the land use rights of the Property of approximately HK\$49,225,000 indicated above.

We have obtained and also noted from the Property Valuation Report that in arriving at the valuation of the Property interests held by the Gain Capital Group, the Valuer adopted market comparison method by making reference to comparable sales evidences as available in the relevant market and, where appropriate, have also taken into account the expended construction costs as well as the costs that will be expended to complete the development. According to the Valuer, the above method is in line with market practice.

During our interview with the Valuer, we understand that the valuation of the Property comprised of (i) the valuation of the land use rights of the Property of approximately HK\$49,225,000, which was valued using the market comparison method; and (ii) the valuation of approximately HK\$116,083,000 of the industrial and office buildings under construction on the Property, which is valued by considering the expended construction costs as well as the costs that will be expended to complete the development (i.e. cost approach). We also discussed with the Valuer as to why the market comparison approach and the income approach was not adopted for the valuation of the industrial and office buildings. We concur that (i) there was no active market for similar under-construction premises for market comparison; and (ii) the said industrial and office buildings under construction are not generating income or going to generate income in the near future and thus income approach was not an appropriate method.

Regarding valuation methodologies involving land in the course of development, we note from the "HKIS Guidance Notes on Valuation of Development Land" published by The Hong Kong Institute of Surveyors ("HKIS"), that "making reference to land sales and hence adopting the market comparison method is considered the best method of valuation for development land, if relevant comparable site sales are available" and "valuers should not omit the market comparison method of valuation unless there are simply no comparables available". We also note that in the guidance note titled "Valuation of development property" published by the Royal Institution of Chartered

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Surveyors (“RICS”) (effective from 1 February 2020) that “...for assets where work on the development has commenced but is not completed, the market comparison approach is unlikely to be the most appropriate approach to the valuation” and “...approaches to valuing land in the course of development include the value of the land plus the costs expended at the valuation date”.

In addition, we have conducted, on a best effort basis, independent research on 31 circulars in relation to connected and/or major and/or very substantial transactions involving acquisition or disposal of (i) property assets or (ii) those companies available for sale with property assets (irrespective of the size of the transaction) published by companies listed on the Main Board and GEM of the Stock Exchange over a period of 12 months ended on and including 18 February 2022, being the date of the Agreement (the “**Review Period**”).

Among the 31 circulars, 3 of the circulars’ properties in question shared the same conditions as the Property (i.e. land with premises under construction) as at the valuation date (the “**Comparable Circulars**”). All of them adopted the same valuation methodology (i.e. using the market comparison method for the land use rights while considering the expended construction costs as well as the costs that will be expended to complete the development) as that of the valuation of the Property.

For the other 28 circulars, the type of underlying properties in question includes, to name but a few, residential units, office units, land with completed buildings, school campus, vacant land and factory units. We note that the valuation methodologies adopted by these 28 circulars are different from that adopted by the Valuer in the Valuation of the Property. However, we also note that the properties in these 28 circulars do not share the same conditions as that of the Property. For instance, these properties are either (i) income-generating, such as residential units for rental; (ii) being utilised for unique purposes, such as school campus, with no market comparison available; (iii) properties with no land use rights attached; (iv) vacant land; or (v) land with completed building. We thus consider that these samples are not relevant to our assessment on the appropriateness of the approach adopted by the Valuer in the valuation of the Property.

While we note that the samples in which the properties being valued were directly comparable to the Property (i.e. land with premises under construction) were not abundant, we also note that for the Comparable Circulars, all of their underlying properties were valued adopting the same methodologies used by the Valuer for the valuation of the Property. Since the number of selected samples is representative for our assessment, we are as such of the view that the Review Period of 12 months is sufficient.

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With reference to the aforementioned “HKIS Guidance Notes on Valuation of Development Land”, it is clear that the market comparison method is preferred when relevant comparable data is available. Given reliable and comparable properties (i.e. industrial-use land) transactions data are publicly available via websites of relevant authorities, we are of the view that the methodology adopted by the Valuer in determining the valuation of the land use rights is fair and reasonable. On the other hand, the lack of reliable and publicly available transactions data for industrial and/or office premises that are under-construction makes market comparison approach an inappropriate approach in valuating the premises under-construction of the Property. Similarly, the non-income-generating nature of these premises makes income approach as the valuation methodology not applicable. Thus, we are of the view that using costs approach for the valuation of the premises under-construction is fair and reasonable.

Estimating the market value of the land use rights of the Property using market comparison approach

We have interviewed with the Valuer and were given to understand that in estimating the market value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”, of the land use rights of the Property, the following steps were involved:

- a. Estimate the hypothetical cost of acquiring the land use rights of the Property from the government as at the Valuation date (the “**Land Cost**”);
 - i. Identify and select suitable market comparable transactions (the “**Comparable Properties**”)
 - ii. Estimate the Land Cost of the Property
- b. Estimate the market value as at the Valuation date

As per our discussion with the Valuer, the transaction evidence of bare land auctions conducted by the relevant PRC authority is considered to be the most reliable and trusted source of comparable transactions in coming up with the market value of the land use rights of the Property. However, by only considering the Comparable Properties, the Valuer can only come up with the Land Cost (which is different from market value as defined above) of the Property, which is the hypothetical cost to acquire the land use rights of the Property from the government as at the Valuation date. As such, after estimating the Land Cost of the Property, the Valuer needs to take into consideration other factors, such as finance costs, professional fees, marketing costs, and developers’ profit, on top of the Land Cost to come up with the market value of the land use rights of the Property as at the Valuation Date.

Identifying and selecting the Comparable Properties

We have interviewed with the Valuer and understood from the Valuer that the objective of identifying Comparable Properties is to establish a consistent and reliable indication of the Land Cost of the Property. We understand that in coming up with the Land Cost of the land use rights of the Property, the Valuer has carried out thorough market research of available comparables and selected three Comparable Properties. In this regard, according to the Valuer, they have identified a pool of first-hand industrial land transactions (meaning the lands in question were acquired from the relevant government authority by the private sector) from June 2021 to December 2021 in Boluo County (博羅縣). We have obtained from the Valuer the information of the said pool of sales evidences and noted that the type of information listed for their consideration to be included as Comparable Properties include, among others, (i) time of the relevant transactions, being within approximately six months to the Valuation Date; (ii) location, which are in Boluo County (博羅縣), where the Property is located; (iii) designated usage (i.e. industrial use); (iv) permitted plot ratio; and (v) length of leasing terms. The Valuer considers the criteria were commonly used in valuation practice and were considered as fair and reasonable, as they were the most relevant factors for the purpose of identifying market comparables.

We have conducted independent research regarding the above, we note that the factors considered by the corresponding valuers of the Comparable Circulars in identifying their respective market comparables include (i) transaction time; (ii) proximity to the subject property; (iii) physical and locational attributes (e.g. plot ratio, length of leasing terms); and (iv) designated usage. Furthermore, with reference to the guidance note titled “Comparable evidence in real estate valuation” published by RICS in October 2019, we also note that “key comparative elements applicable to most real estate types” include, amongst others, (i) location; (ii) transaction date; and (iii) limitations on use. Considering (i) the factors considered by the Valuer in selecting the Comparable Properties are also adopted in the Comparable Circulars and (ii) the major factors considered by the Valuer are listed as “key comparative elements” in the aforementioned RICS guidance note, we are of the view that the type of information being considered by the Valuer in selecting Comparable Properties are fair, reasonable and generally in line with accepted good practice.

We have further discussed with the Valuer regarding the rationale and considerations given in selecting the Comparable Properties. Given the size of Boluo County (being 2,858 square kilometer according to public information), the Valuer considered that the proximity of these transactions to the Property will affect their comparability to the Property to a large extent in the sense that the further away the land in question is from the Property, the more adjustments will be required to allow for differences between the Property and the land in question, potentially affecting the accuracy of the valuation. As such, the Valuer first identified the transactions where the underlying land is located nearest to the Property and noted that 3 of these transactions, locating approximately 3 to 9 kilometers from the Property, provided a relatively consistent and reliable indicative Land Cost in the immediate area

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where the Property is located as their transaction prices ranged from approximately RMB700 to RMB708 per square meter. In contrast, as the Valuer looked into other transactions of land further away from the Property, the transaction prices started to vary, ranging from RMB661 to RMB805 per square meter. As such, the Valuer considered that in order to include these other transactions as Comparable Properties, the Valuer will need to factor in more adjustments which may jeopardise the accuracy of the resulting indicative valuation as compared to that using the information with reference to the 3 closest transactions. Thus, the Valuer selected the 3 closest transactions as Comparable Properties to ensure confidence in the valuation of the land use rights of the Property.

We have further obtained and reviewed information of the aforementioned pool of first-hand industrial land transactions from June 2021 to December 2021 in Boluo County (博羅縣) considered by the Valuer in the process of selecting Comparable Properties. We note that among all the said transactions, (i) the average transaction price was approximately RMB718 per square meter; and (ii) the median transaction price was approximately RMB722 per square meter. By comparing (i) and (ii) with the Comparable Properties' transaction price range of approximately RMB700 to RMB708 per square meter, we are of the view that the selection of the Comparable Properties is fair and reasonable.

Regarding our view on the sufficiency of having 3 Comparable Properties for the valuation of the land use rights of the Property process, we refer to the guidance note titled "Comparable evidence in real estate valuation" published by RICS in October 2019 in which it is stated that, amongst others, *"ideally, comparable evidence should be: comprehensive (there should be several comparables rather than a single transaction or event); very similar (and) recent"*. As the Comparable Properties are (i) comprised of more than a single transaction and (ii) in our view considered to be similar (i.e. industrial use) and recent (i.e. within approximately 6 months of the Valuation Date) to be regarded as ideal comparable evidence, it is our view that the Valuer's rationale for selecting the Comparable Properties and the number of selected Comparable Properties are in line with good practice with regards to the said guidance note.

Estimating the Land Cost of the Property

While the transaction prices of the Comparable Properties ranged from approximately RMB700 to RMB708 per square meter, the Valuer noted the remaining leasing term of the land use rights of the Property as at the Valuation Date was slightly shorter than those of the Comparable Properties. Thus, a downward adjustment was made to the estimated Land Cost, amounted to approximately RMB680 per square meter subsequent to said downward adjustment.

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In this regard, we have conducted an independent research and note that, according to the International Valuation Standards published by IVSC, “a valuer should analyse and make adjustments for any material differences between the comparable transactions and the subject asset” and “examples of common differences that could warrant adjustments may include control characteristics of the comparable and the subject asset”. We have also conducted independent research through www.landchina.com (中國土地市場網) and identified the transaction records of the Comparable Properties. We confirm the length of the remaining leasing term of the Property as at the Valuation date is shorter than those of the Comparable Properties as at the Valuation date. Given (i) according to the International Valuation Standards, a valuer should make adjustments for any material differences; (ii) the factor considered by the Valuer for such downward adjustment can be referred to in the International Valuation Standards; and (iii) the remaining leasing term of the land use rights of the Property is shorter than those of the Comparable Properties as at the Valuation date according to our research, we are of the view that the adjustment made by the Valuer is fair and reasonable.

Estimating the market value of the land use rights of the Property

Having estimated the Land Cost of the Property to be approximately RMB680 per square meter, the Valuer took into consideration several other factors to come up with the market value, defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”, of the land use rights of the Property as at the Valuation date. Factors such as finance costs, professional fees, marketing costs, and developers’ profit were taken into consideration to duly reflect the risks associated with the Property. Consequently, the Valuer estimates that the market value of the land use rights of the Property is approximately RMB801 per square meter as at the Valuation Date.

With regards to the factors considered by the Valuer in coming up with market value of the land use rights of the Property, we note that in the Comparable Circulars, factors such as developer’s profit, professional fees and finance costs were taken into consideration in their respective valuations. We also note that, with reference to the section titled IVS410 Development Property of the International Valuation Standards published by IVSC, consultants fees, marketing costs, finance costs and development profit are listed as “basic elements to estimate the market value of development property”. As such, we are of the view that the Valuer’s approach in taking into accounts the aforementioned factors in determining the market value of the Property is in line with market practice and the aforementioned standards. We have also reviewed the percentages adopted by the Valuer in estimating the aforementioned finance costs, professional fees, marketing costs, and developers’ profit in estimating the market value of the land use rights of the Property and are of the view that they are fair and reasonable.

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Considering all of the above, we are of the view that the methodology adopted by the Valuer is an appropriate valuation approach. We have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the methodologies used by the Valuer in arriving at the valuation of the Property.

As set out in the Property Valuation Report, the Valuer had made reference to the legal opinion of the Company's PRC legal adviser Shu Jin Law Firm (信達律師事務所) (the "PRC Legal Adviser") during the course of the valuation; the Valuer had not been able to conduct searches to verify the ownership of the Property and had not inspected the original documents to ascertain any amendments which may not appear on the copies handed to the Valuer. The Valuer was also unable to ascertain the title of the Property in the PRC and had therefore relied on the advice given by the PRC Legal Adviser and the Company.

Valuation basis and assumptions

GC Valuation Report

We noted that the Valuer adopted certain assumptions in the valuation of the entire equity of Gain Capital Group and the major ones included (i) all licenses and permits issued by any authority entities that will materially affect the business operation of Gain Capital have been obtained or can be obtained upon request; (ii) there will be no material change in the political, legal, fiscal, technological, market and economic conditions in the jurisdiction where Gain Capital currently operates or will operate; (iii) there will be no material change in the taxation laws and regulations in the jurisdiction where Gain Capital currently operates or will operate; (iv) the interests rates will not differ materially from those of present or expected; and (v) the core business operation of Gain Capital will not differ materially from those of present or expected.

We also noted that the Valuer relied on the information provided by the Group, including the unaudited management accounts of Gain Capital as at 31 December 2021 and copies of documents in relation to the titles to the Property, and publicly available information.

Based on our independent research, we noted that the above basis and assumptions are commonly adopted in the valuation of companies similar to Gain Capital Group, being property holding companies. All of the aforementioned 31 sample circulars in which property holding companies are involved adopted basis and assumptions including validity of the rights to use, transferability of the title that were by and large the same as those adopted by the Valuer. As such, we are of the view that the basis and assumptions adopted for the valuation of Gain Capital Group are fair and reasonable.

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Property Valuation Report

We noted the valuation of the Property represents its market value, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion” in accordance with the HKIS Valuation Standards 2020 published by HKIS.

In conducting the valuation of the Property, the Valuer has made assumptions, unless otherwise stated, that (i) the Valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser; (ii) transferable land use rights in respect of the Property for its specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid; (iii) the owner has enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted; (iv) no allowance has been made in the valuation for any charges, pledges or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale; and (v) the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We also noted that the Valuer relied on the information given by the Group and have accepted advice from the Group on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests, on the basis that no material factors have been omitted from the information supplied as advised by the Group.

Based on our independent research, we noted that the above basis and assumptions, including validity of the rights to use, transferability of the title, are adopted in the property valuation performed for the underlying properties of the Comparable Circulars. Therefore, we are of the view that the basis and assumptions adopted for the valuation of the Property are fair and reasonable.

Valuer’s scope of work and competence

Having reviewed the scope of work of the Valuer detailed in its engagement letter of the GC Valuation Report and the Property Valuation Report, we are of the view that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the GC Valuation Report and the Property Valuation Report.

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We have reviewed and interviewed with the Valuer regarding its qualification, experience and independence in relation to the preparation of the GC Valuation Report and the Property Valuation Report. We noted that the Valuer is a leading professional services firm that specialises in business valuation and in real estate with extensive experience in property valuation. In particular, the principal signing off the two valuation reports is (i) a Professional Member of HKIS and a Registered Professional Surveyor (General Practice Division) who has over 29 years of experience in the valuation of Property in the PRC; and (ii) a Registered China Real Estate Appraiser. The Valuer have further confirmed that they are independent to the Group, the counterparty of the Agreement or their respective core connected persons or associates.

Summary of the valuations

In consideration of the above, we are of the view that (i) the valuation methodology adopted by the Valuer is a common approach for valuations of the Gain Capital Group and the Property; (ii) the valuation basis and assumptions adopted by the Valuer are fair and reasonable; (iii) the scope of work of the Valuer is sufficient and appropriate for performing the valuations on the Gain Capital Group and the Property; and (iv) the Valuer has sufficient experience and competency to perform the valuations of the Gain Capital Group and the Property. As such, we are of the view that the valuations of the Gain Capital Group and the Property by the Valuer are fair and reasonable.

3. Our view on the Consideration

Having considered that, (i) as mentioned in the paragraph “Summary of the valuations” above, the valuation of Gain Capital Group at HK\$43,400,000 is fair and reasonable; (ii) pursuant to the Agreement, at Completion, Mr. NGAI (as the Seller), shall sell and assign and, Tregunter Global Limited (as the buyer) shall purchase the Sale Loan which shall not exceed HK\$138,000,000, being the amount of initial shareholder’s loan due and owing by the Gain Capital Group to Mr. NGAI; and (iii) pursuant to the Agreement, Mr. NGAI agreed that he shall not, and procure the Gain Capital Group not to, take any actions or allow any actions to be taken that would result in the repayment of the shareholder’s loan or incurrence of further indebtedness due and owing by the Gain Capital Group to Mr. NGAI, we are of the view that the Consideration of HK\$181,400,000 for the Acquisition is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. In addition, in view of (iii) above, we concur that the amount of Sale Loan shall not be less than and shall remain at HK\$138,000,000 as at Completion and no adjustment to the Consideration would be required.

4. Reasons for and benefits of the Acquisition

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 MiC for private building developments in Hong Kong, the Buildings Department has set up a pre-acceptance mechanism for granting in-principle acceptance to MiC 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 Latest Practicable Date, the Gain Capital Group is the sole and beneficial owner of the Land on which the Gain Capital Group has started the construction of the Property (including factory, offices and related premises).

The Directors mentioned that, 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. While the benefits and synergies created by expanding to upstream manufacturing business is 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.

We noted that according to the website of the Buildings Department of Hong Kong, MiC refers to a construction method whereby free-standing integrated modules (completed with finishes, fixtures and fittings) are manufactured in a prefabrication factory and then transported to site for installation in a building. In addition, as mentioned at the website of MiC Resources Centre of the Construction Industry Council ("CIC"), MiC is an innovative construction method. It is stated that by adopting the concept of "factory assembly followed by on-site installation", MiC helps to ease some of the current challenges faced by the local construction industry. In this method, free-standing integrated modules (completed with finishes, fixtures and fittings) are manufactured and assembled in a factory. By transferring on-site construction processes to a controlled factory environment, buildings can be substantially completed off-site. The adverse impacts of weather conditions, scarce labour resources and site constraints can all be substantially reduced. MiC provides a great degree of production quality control, and can

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improve construction productivity, safety and sustainability. With reference to the website of MiC Resources Centre of CIC, we also noted that construction projects adopting MiC include, to name but a few, projects in relation to the Public Housing Development at Tung Chung Area 99, the Chinese Medicine Hospital in Tseung Kwan O and the Hong Kong Infection Control Centre, North Lantau Hospital.

We also noted that, in the written reply by the Secretary for Development of Hong Kong, Mr Michael WONG following a question by Dr the Hon LO Wai-kwok in the Legislative Council on 29 September 2021, that *“since 2017, the Government has been actively promoting the adoption of the Modular Integrated Construction method (MiC) in building projects with a view to enhancing the industry’s productivity and cost effectiveness. According to the findings of a study carried out by the University of Hong Kong on two completed MiC pilot projects, the adoption of MiC can reduce construction time by about 30 per cent to 50 per cent and save construction costs by about 10 per cent comparing with traditional construction methods. In addition, it will also have better performance on productivity, workmanship, environmental protection and safety aspects.”* and *“...the Development Bureau has introduced various measures to encourage the industry to adopt MiC, including setting up the Construction Innovation and Technology Fund (the Fund) to subsidise the industry and granting concession of floor area constructed by MiC. There are currently more than 60 projects adopting MiC in the pipeline.”* Furthermore, it is stated in The 2022-23 Budget that *“to expedite housing supply, the Government will introduce more concessionary measures to encourage the adoption of MiC.”*

By backward integrating with the view to expand its business up the MiC supply chain upon completion of the Acquisition, the Group would, amid the rising popularity of adapting MiC in Hong Kong, benefit in multiple ways it may not otherwise enjoy by relying on independent suppliers of free-standing integrated modules. First of all, by owning its own free-standing integrated modules factory, the Group have better planning and control over the manufacturing and transportation of these modules to meet its obligations under its building construction projects and thereby minimising the Group’s risk in not complying its contractual obligations in these projects. In contrast, the Group would not have complete control on the third-party suppliers’ commitment. Furthermore, as MiC becomes more widely adopted in Hong Kong, the timing and the costs of procuring such modules will become more crucial as it will affect the competitiveness of the Group during the tendering process. With its own modules factory, the Group can enjoy higher degree of flexibility in adjusting the timing and profit margin with more certainty as compared to relying on other suppliers. The Group can also enjoy better cost control by eliminating intermediaries which allows it to present a more competitive quotation.

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In view of the abovementioned, we considered, (i) the engagement in MiC allows the Group to minimise the project construction time and work required, and maximise the profit margin and Shareholders' return; (ii) government support in the adoption of MiC in construction projects in Hong Kong and the future trend of MiC adoption will benefit the Group in its future business development. As such, we are of the view that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

CONCLUSION

Having considered the above principal factors and reasons, we are of the view that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Acquisition are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM in relation to the Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Ample Capital Limited

T.Y. Yeung
President

Jenny Law
Vice President

Mr. T.Y. Yeung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. T.Y. Yeung has over 13 years' experience in the corporate finance industry.

Ms. Jenny Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Jenny Law has over 10 years' experience in the corporate finance industry.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Property of Huizhou Rongkangshun New Energy Technology Co., Ltd.* (惠州市榮康順新能源科技有限公司) in the PRC as at 31 December 2021.



27/E, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

31 March 2022

The Directors
Able Engineering Holdings Limited
No. 155 Waterloo Road,
Kowloon Tong,
Kowloon,
Hong Kong

Dear Sirs,

Re: The industrial and office buildings under construction and the industrial land in Dongbianyi, Dongfeng Village and Hongxing Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province*, the People's Republic of China 中國廣東省惠州市博羅縣龍溪鎮埔上村委會紅星村東風村東邊溢之在建工業及辦公大廈以及工業土地 (collectively, the "Property")

Instructions, Purpose & Valuation Date

In accordance with the instructions of Able Engineering Holdings Limited (the "Company") for us to value the Property held by Huizhou Rongkangshun New Energy Technology Co., Ltd.* (惠州市榮康順新能源科技有限公司) ("Huizhou RKS"), in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in existing state of the Property as at 31 December 2021 (the "Valuation Date").

Definition of Market Value

Our valuation of the Property represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("HKIS") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

* For identification only

Valuation Basis & Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Property situated in the PRC, with reference to the PRC Due Diligence Report in relation to Huizhou RKS prepared by the Company's PRC legal adviser, Shu Jin Law Firm (信達律師事務所), the "PRC Legal Opinion", we have prepared our valuation on the basis that transferable land use rights in respect of the Property for its specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC Legal Opinion, regarding the title to the Property and the interest in the Property. In valuing the Property, we have prepared our valuation on the basis that the owner has enforceable title to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Method of Valuation

We have valued the Property on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Company. We have valued on the basis that all consents, approvals, and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays; that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been approved by the relevant authorities. In arriving at our valuation, we have adopted Market Comparison Method by making reference to comparable sales evidences as available in the relevant market and, where appropriate, have also taken into account the expended construction costs as well as the costs that will be expended to complete the development. The "market value when completed" represents our opinion of the aggregate value of the development assuming that it was completed as of the Valuation Date.

The method is in line with the market practice.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2020.

Source of Information

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Property, particulars of occupancy, development scheme, construction cost, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Company with copies of documents in relation to the current title to the Property. However, we have not been able to conduct searches to verify the ownership of the Property; we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Property in the PRC and we have therefore relied on the advice given by the PRC Legal adviser and the Company. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

Our Guangzhou Office valuer, Aileen Zhang (a Registered China Real Estate Appraiser with 4 years of valuation experience), inspected the exterior and, wherever possible, the interior of the Property on 24 January 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Property are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency and Exchange Rate

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC. The exchange rate prevailing as at the Valuation Date was HK\$1 = RMB0.8167.

Market Volatility

The recent outbreak of the Novel Coronavirus (COVID-19) has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Property is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith the valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 29 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

Property under construction by Huizhou RKS in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2021										
Industrial and office buildings under construction and the industrial land in Dongbianyi, Dongfeng Village and Hongxing Village, Pushang Village Committee, Longxi Town, Boluo County, Huizhou, Guangdong Province, the PRC	<p>The Property comprises 2 buildings being developed on a parcel of industrial land with a total site area of 50,184 sq. m.</p> <p>The planned gross floor area of the Property:</p> <table border="1"> <thead> <tr> <th></th> <th>Planned gross floor area sq. m.</th> </tr> </thead> <tbody> <tr> <td>Building</td> <td></td> </tr> <tr> <td>A 3-storey industrial building</td> <td>95,421.30</td> </tr> <tr> <td>A 6-storey office building</td> <td>3,035.38</td> </tr> <tr> <td>Grand Total:</td> <td>98,456.68</td> </tr> </tbody> </table>		Planned gross floor area sq. m.	Building		A 3-storey industrial building	95,421.30	A 6-storey office building	3,035.38	Grand Total:	98,456.68	As at the Valuation Date, the industrial and office buildings of the Property was under construction and scheduled for completion by the end of 2022.	<p>RMB135,000,000 (RENMINBI ONE HUNDRED THIRTY FIVE MILLION)</p> <p>(Equivalent to HK\$165,308,000 (HONG KONG DOLLAR ONE HUNDRED SIXTY FIVE MILLION THREE HUNDRED EIGHT THOUSAND))</p>
	Planned gross floor area sq. m.												
Building													
A 3-storey industrial building	95,421.30												
A 6-storey office building	3,035.38												
Grand Total:	98,456.68												
	<p>The Property is located next to Longqiao Avenue, Longxi Town, Boluo County, Huizhou City. Developments in vicinity comprise mainly industrial developments.</p> <p>According to the Company, the Property is for industrial use; there is no environmental issues and litigation dispute; there is no plan to change the use of the Property.</p> <p>The land use rights of the Property have been granted for land use term due to expire on 22 December 2063 for industrial use.</p>												

Notes:

- (1) According to the Certificate of Real Estate Ownership No. (2016) 0000211, the land use rights of a parcel of land with a site area of 50,184 sq. m. have been vested in Huizhou RKS for a land use term due to expire on 22 December 2063 for industrial use.
- (2) According to the Construction Land Planning Permit No. 4413222017-0380 dated 15 September 2017, the construction land with a total site area of 50,184 sq. m. are in compliance with land use planning and have been approved.

- (3) According to the Planning Permit for Construction Works No. 4413222020-0341 and 4413222020-0342 dated 23 June 2020, Commencement Permit for Construction Works No. 441322202012310201 dated 31 December 2020, the construction works of the Property with a total gross floor area of approximately 98,456.68 sq. m. were in compliance with construction planning and have been approved with details as below:

	Planned gross floor area sq. m.
Building	
A 3-storey industrial building	95,421.30
A 6-storey office building	3,035.38
	<hr/>
Grand Total:	98,456.68
	<hr/> <hr/>

- (4) As advised by the Company, the total construction cost expended as at the Valuation Date was approximately RMB85,600,000 and the estimated outstanding construction cost for completion of the construction of the buildings on the land is RMB165,100,000. We have taken into account the said amounts in our valuation.
- (5) The market value of the Property when completed is estimated approximately at RMB357,700,000.
- (6) According to Business Licence No. 914413220845242142 dated 31 May 2021, Huizhou RKS has been established as a limited company with a registered capital of RMB250,000,000.
- (7) Having reviewed the PRC Legal Opinion, it is noted that:
- (i) Huizhou RKS has obtained the Certificate of Real Estate Ownership for the land with site area of 50,184 sq. m. for a land use term due to expire on 22 December 2063 for industrial use;
 - (ii) Huizhou RKS has obtained construction approval for a total gross floor area of 98,456.68 sq. m.; and
 - (iii) There is no illegal situation in the project planning and it complies the industrial land use.
- (8) The status of the title and grant of major approvals and licences in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

Certificate of Real Estate Ownership (Land)	Yes
Grant Contract for State-owned Land Use Rights	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

(a) Interest in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Director and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and The Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required to be recorded in the register kept by the Company under section 352 of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and The Stock Exchange, were as follows:

Long positions in the interests in the Shares

Name of Directors and the chief executive	Capacity and nature of interests	Number of Shares interested	% of issued share capital of the Company as at the Latest Practicable Date
Mr. NGAI Chun Hung (<i>Note</i>)	Interest of controlled corporation	1,500,000,000	75.000
Mr. CHEUNG Ho Yuen	Personal	66,857	0.003
Mr. LAU Chi Fai Daniel	Personal	300,000	0.015
Prof. KO Jan Ming	Personal	28,000	0.001

Note:

These Shares are legally and beneficially owned by Golden Lux Holdings Limited (“**Golden Lux**”, a company incorporated in the BVI with limited liability and the entire issued share capital of which is legally owned by Golden More Limited (“**Golden More**”, a company incorporated in the BVI and the entire issued share capital of which is legally and beneficially owned by Mr. NGAI)). Accordingly, Mr. NGAI is interested in the 1,500,000,000 Shares of the Company held by Golden Lux, under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and The Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required to be recorded in the register kept by the Company under section 352 of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and The Stock Exchange.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

(c) Interests in contracts

As at the Latest Practicable Date, save as the Agreement, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Enlarged Group.

(d) Interests in competing business

As at the Latest Practicable Date, none of the Directors was interested in any business, which competed or was likely to compete, either directly or indirectly, with the Group’s businesses.

(e) Directors’ service contracts

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Enlarged Group which is not expiring or terminable by the Enlarged Group within one year without payment of compensation other than statutory compensation.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the interests in the Shares

Name of Shareholders	Capacity and nature of interests	Number of Shares held	% of issued share capital of the Company as at the Latest Practicable Date
Golden Lux	Beneficial owner (Note (a))	1,500,000,000	75.00
Golden More	Interest in a controlled corporation (Note (a))	1,500,000,000	75.00
Ms. CHENG Wai Chun ("Ms. CHENG")	Interest of spouse (Note (b))	1,500,000,000	75.00

Notes:

- (a) Golden Lux is wholly-owned by Golden More. As such, Golden More is deemed to be interested in the 1,500,000,000 Shares owned by Golden Lux under the SFO.
- (b) Ms. CHENG is the spouse of Mr. NGAI. Ms. CHENG is deemed to be interested in the 1,500,000,000 Shares held by Golden Lux under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares and the underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL ACQUISITION AFTER 31 MARCH 2021

On 18 February 2022 (after trading hours), Caulfield Global Limited (an indirect wholly-owned subsidiary of the Company) (“**Caulfield Global**”), Lanon Holdings Limited (“**Lanon Holdings**”, a company ultimately beneficially owned by Mr. NGAI Wing Yin) and Mr. NGAI Wing Yin (aged over 18, the son of Mr. NGAI) as personal guarantor entered into a sale and purchase agreement (the “**Lanon Development Agreement**”), pursuant to which Lanon Holdings has conditionally agreed to sell, and Caulfield Global has conditionally agreed to acquire, the 50% of the entire issued share capital of Lanon Development Limited (“**Lanon Development**”) at a consideration of HK\$125,000,000. In accordance with the terms and conditions of the Lanon Development Agreement, the consideration will be paid in cash by Caulfield Global to Lanon Holdings at completion of the acquisition. For details, please refer to the Company’s announcement dated 18 February 2022.

Save as disclosed above, the Group did not enter into or complete any agreement for material acquisition in which any Directors had any direct or indirect interest after 31 March 2021.

5. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date:

- (a) the Lanon Development Agreement;
- (b) the framework agreement dated 18 February 2022 entered into between Lanon Development (as the contractor) and the Company (for and on behalf of itself and any of its subsidiaries) (as the subcontractor), pursuant to which Lanon Development may engage the members of the Group as subcontractor from time to time in respect of the provision of contracting services in relation to civil engineering works, building construction and RMAA works in Hong Kong;
- (c) the framework agreement dated 18 February 2022 entered into between the Company (for and on behalf of itself and any of its subsidiaries) (as the contractor) and Lanon Development (as the subcontractor), pursuant to which any member of the Group may engage Lanon Development as subcontractor from time to time in respect of the provision of contracting services in relation to civil engineering works, building construction and repair, maintenance, alterations and/or additions works in Hong Kong;

- (d) the formal written offer dated 22 October 2020 from the Lands Department of the Hong Kong government which was accepted by the Company (for and on behalf of itself and any of its subsidiaries) with respect to the proposed modification of the lease of No. 7 Lai Yip Street, Kwun Tong, Kowloon, Hong Kong from industrial use to non-residential use, pursuant to which the Group paid a premium of HK\$554,570,000 in relation to such modification; and
- (e) the Agreement.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statement of the Company were made up.

8. EXPERTS AND CONSENT

The following is the qualification of the experts who have given opinions, letters or advice which are contained in this circular:

Name	Qualification
Cushman & Wakefield Limited	Independent Qualified Valuer
Ample Capital Limited	A licensed corporation under the SFO 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

The above experts have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion of the references to their name and/or their opinion in the form and context in which they are included.

As at the Latest Practicable Date, the above experts do not have any interest, direct or indirect, in any asset which has been, since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or was proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, the above experts do not have any shareholding, directly or indirectly, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

9. GENERAL

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The head office and principal place of business of the Company is situated at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The secretary of the Company is Mr. MUI Siu Hong, who is a member of Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

10. DOCUMENTS PUBLISHED ON WEBSITES AND AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of The Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <https://www.ableeng.com.hk> for not less than fourteen (14) days before the date of the EGM:

- (a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out from pages 20 to 21 of this circular;
- (b) the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out from pages 22 to 44 of this circular;
- (c) the valuation report prepared by the Independent Valuer on the Property, the text of which is set out in Appendix I to this circular;
- (d) this circular; and
- (e) the Agreement.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (or any adjournment thereof) (the “EGM”) of Able Engineering Holdings Limited (the “Company”) will be held at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong on Friday, 29 April 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (unless otherwise indicated, capitalised terms used in this notice have the same meanings as defined in the circular of the Company dated 31 March 2022 (the “Circular”)):

ORDINARY BUSINESS

“THAT:

- (a) the agreement entered into between Tregunter Global Limited as buyer and Mr. NGAI Chun Hung as the seller on 18 February 2022 in relation to sale and purchase of the entire issued share capital in Gain Capital Corporation Limited and all such sum of money due and owing by Gain Capital Corporation Limited and its subsidiary to Mr. NGAI Chun Hung at Completion (the “Agreement”), a copy of which has been produced to the EGM marked as “A” and initialled by the chairman of the EGM for the purpose of identification and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (save for Mr. NGAI Chun Hung), or any two directors of the Company (save for Mr. NGAI Chun Hung) if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to the transactions mentioned in paragraphs (a) above, including where appropriate, agreeing to any non-material amendments to the Agreement and any other agreements made in relation thereto to the extent permitted by the Listing Rules and the applicable laws and in the interests of the Company and its shareholders.”

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

Hong Kong, 31 March 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy for use at the EGM is enclosed herewith. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. However, if more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed. A proxy need not be a Shareholder but must be present in person at the EGM to represent the Shareholder.
2. Where there are joint holders of any Share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, that one of the said persons so present whose name stands first on the register of shareholders of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
3. In order to be valid, the original form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM.
4. Completion and return of the proxy form in respect of the proposed resolutions for the EGM will not preclude a Shareholder from attending and voting in person at the EGM should he/she so wishes and in such event, his/her proxy form for the EGM will be deemed to have been revoked.
5. To determine the entitlement to attend and vote at the EGM to be held on 29 April 2022, Friday, the register of shareholders of the Company will be closed from 26 April 2022, Tuesday to 29 April 2022, Friday (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, unregistered holders of the Shares should ensure all share transfer documents accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 25 April 2022, Monday.
6. Detailed information on the business to be transacted at the EGM is set out in the Circular.
7. All proposed resolutions set out in this notice will be voted by way of a poll at the EGM as required under the Listing Rules. The poll results will be published on the website of the Company (www.ableeng.com.hk) and the website of The Stock Exchange (www.hkexnews.hk) following the EGM.
8. Shares abstained (if any) will not be counted in the calculation of the required majority.
9. The registration for attending the EGM will start at 9:45 a.m. on 29 April 2022, Friday.
10. In the event that a gale warning (tropical cyclone no. 8 or above), post-super typhoon "extreme conditions" announcement, or black rainstorm warning is in effect at any time between 7:30 a.m. and 9:30 a.m. on the day of the EGM, the EGM may be postponed to a later date and/or time as determined by the Company. If postponed, the Company will, as soon as practicable, post an announcement on its website and on the website of The Stock Exchange to notify Shareholders that the EGM has been postponed (however, a failure to post such a notice shall not affect the postponement of such EGM). Shareholders should in any event exercise due care and caution when deciding to attend the EGM in adverse weather conditions.
11. As at the date hereof, the Board comprises five executive Directors, namely, Mr. NGAI Chun Hung (*Chairman*), Mr. CHEUNG Ho Yuen (*Chief Executive Officer*), Mr. IP Yik Nam, Mr. LAU Chi Fai Daniel and Mr. YAU Kwok Fai; and five independent non-executive Directors, namely, Prof. KO Jan Ming, Dr. LEE Man Piu Albert, Dr. LI Yok Sheung, Ms. MAK Suk Hing and Mr. MONG Chan.

NOTICE OF EXTRAORDINARY GENERAL MEETING

12. To safeguard the health and safety of our attending Shareholders, staff and other stakeholders of the Company and to prevent the spreading of coronavirus disease (“COVID-19”) in Hong Kong, the Company will implement the following precautionary measures at the EGM:
- (a) entry to the EGM venue will only be allowed to the Shareholders, proxies or other attendees who do not have any symptoms of COVID-19, including runny nose, headache, cough, sore throat, and fever, and has passed body temperature test;
 - (b) no entry will be allowed to any Shareholder or proxy who is subject to mandatory quarantine order imposed by the HKSAR Government;
 - (c) compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied into the EGM venue or be required to leave the EGM venue;
 - (d) each attendee is required to wear a surgical face mask properly throughout the EGM and inside the EGM venue, and to maintain a safe distance between seats. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own surgical face masks;
 - (e) seating at the EGM will be arranged to ensure social distancing. Accordingly, the Company may be necessary to limit the number of attendees in the EGM venue to avoid over-crowding;
 - (f) no refreshment will be served and no corporate gift will be distributed; and
 - (g) each attendee will be asked to declare, among others, whether within the 14-day period immediately before the EGM he/she (i) traveled outside of Hong Kong, (ii) is subject to any HKSAR Government prescribed quarantine, (iii) has any symptoms of COVID-19, and (iv) has close contact with anyone with confirmed or probable case of COVID-19. Anyone whose response is affirmative to any of these questions may be denied entry into the EGM venue or be required to leave the EGM venue.

To the extent allowed by law, the Company reserves the right to implement further precautionary measures, deny entry to the EGM venue or require any attendee to leave the EGM venue so as to ensure the health and safety of other attendees of the EGM.

Subject to the development of COVID-19 pandemic and anti-epidemic measures imposed by the HKSAR Government, the Company may be required to change the EGM arrangements at short notice. In such event, the Company will, as soon as practicable, post an announcement on its website and on the website of The Stock Exchange to notify Shareholders of the revised arrangements.

The Company would like to remind all Shareholders that physical attendance at the EGM is not necessary for the purpose of exercising voting rights. The Company encourages Shareholders to consider appointing the chairman of the EGM as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the EGM, instead of attending the EGM in person.

13. The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.