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AB BUILDERS GROUP LIMITED

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01615)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 1 November 2022 (after trading hours), the Sale and Purchase Agreement was entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors, pursuant to which:

- (i) the Purchaser has conditionally agreed to acquire, and Vendor A has conditionally agreed to sell, 60% of the equity interest of the Target Company free from all encumbrances together with (unless otherwise stated) all rights as of the date of the Sale and Purchase Agreement and hereafter attaching thereto for a consideration of RMB6,000,000 (equivalent to HK\$6,420,000); and
- (ii) the Purchaser has conditionally agreed to acquire, and Vendor B has conditionally agreed to sell, 40% of the equity interest of the Target Company free from all encumbrances together with (unless otherwise stated) all rights as of the date of the Sale and Purchase Agreement and hereafter attaching thereto for a consideration of RMB4,000,000 (equivalent to HK\$4,280,000).

Upon Completion, the Target Company will be wholly owned by the Purchaser. Therefore, the Company will, through its indirect wholly-owned subsidiary, the Purchaser, be interested in the entire equity interest of the Target Company. The Target Company will also become an indirect wholly-owned subsidiary of the Company and the results of which will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval under the Listing Rules.

Vendor A, namely New Kingdom Development Company Limited (新國度發展一人有限公司), is a company incorporated in Macau with limited liability and is indirectly owned as to 98% by Mr. Lao (the chairman of the Board, an executive Director and a controlling Shareholder) and Mrs. Lao (a controlling Shareholder), and indirectly owned as to 2% by Ms. Vicki Lao respectively, and is therefore a connected person of the Company at the issuer level. Therefore, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

The Company will convene and hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder. Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Mr. Lao is considered to have material interests in the Acquisition by virtue of his relationship with Vendor A, and he was absent in the Board meeting and did not vote for approving the Group to enter into the Sale and Purchase Agreement. Ms. Lao Chao U, being the daughter of Mr. Lao, and Mr. Roberto Gnanavelu and Mr. Cheang Iek Wai, being the sons-in-law of Mr. Lao, for the sake of prudence, have abstained from voting on the Board resolutions approving the Group to enter into the Sale and Purchase Agreement. Save for the aforesaid, no other Directors have abstained from voting on the said Board resolutions. Further, Laos International Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lao) and WHM Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mrs. Lao) will abstain from voting on the resolutions approving the Acquisition and the transactions contemplated thereunder in the EGM.

DESPATCH OF CIRCULAR

A circular containing, among others, information on the Sale and Purchase Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, are expected to be despatched to the Shareholders on or before 22 November 2022.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment and/or waiver of the Conditions. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

THE ACQUISITION

The Board is pleased to announce that on 1 November 2022 (after trading hours), the Sale and Purchase Agreement was entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendors, pursuant to which:

- (i) the Purchaser has conditionally agreed to acquire, and Vendor A has conditionally agreed to sell, 60% of the equity interest of the Target Company free from all encumbrances together with (unless otherwise stated) all rights as of the date of the Sale and Purchase Agreement and hereafter attaching thereto for a consideration of RMB6,000,000 (equivalent to HK\$6,420,000); and
- (ii) the Purchaser has conditionally agreed to acquire, and Vendor B has conditionally agreed to sell, 40% of the equity interest of the Target Company free from all encumbrances together with (unless otherwise stated) all rights as of the date of the Sale and Purchase Agreement and hereafter attaching thereto for a consideration of RMB4,000,000 (equivalent to HK\$4,280,000).

Upon Completion, the Target Company will be wholly-owned by the Purchaser. Therefore, the Company will, through its indirect wholly-owned subsidiary, the Purchaser, be interested in the entire equity interest of the Target Company. The Target Company will also become an indirect wholly-owned subsidiary of the Company and the results of which will be consolidated into the financial statements of the Group.

SALE AND PURCHASE AGREEMENT

Major terms of the Sale and Purchase Agreement are set out below:

Date

1 November 2022

Parties

1. New Kingdom Development Company Limited (新國度發展一人有限公司) (as Vendor A);
2. Jiangmen City Pengjiang District Jinying Property Development Company Limited* (江門市蓬江區晉盈置業發展有限公司) (as Vendor B); and
3. Goldkent Investment Limited (金堅投資有限公司) (as the Purchaser).

Vendor A, namely New Kingdom Development Company Limited (新國度發展一人有限公司), is a company incorporated in Macau with limited liability and is indirectly owned as to 98% by Mr. Lao (the chairman of the Board, an executive Director and a controlling Shareholder) and Mrs. Lao (a controlling Shareholder), and indirectly owned as to 2% by Ms. Vicki Lao respectively, and is therefore a connected person of the Company at the issuer level.

Vendor B, namely Jiangmen City Pengjiang District Jinying Property Development Company Limited* (江門市蓬江區晉盈置業發展有限公司), is a company established in the PRC with limited liability and is directly owned as to 90% by Mr. Wu Yong Qin and 10% by Mr. Wu Wei Jian respectively. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Vendor B, Mr. Wu Yong Qin and Mr. Wu Wei Jian are Independent Third Parties.

The Purchaser, namely Goldkent Investment Limited (金堅投資有限公司), is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

Subject matter of the Acquisition

The entire equity interest of the Target Company, among which, 60% of the equity interest of the Target Company from Vendor A and 40% of the equity interest of the Target Company from Vendor B respectively.

As at the date of the Sale and Purchase Agreement, the Target Company had a paid-up registered capital of RMB10 million.

Consideration

The Consideration to be paid by the Purchaser for the Acquisition is RMB6,000,000 (equivalent to HK\$6,420,000) to Vendor A and RMB4,000,000 (equivalent to HK\$4,280,000) to Vendor B, respectively, which, after deducting the Tax Withheld (as defined below), shall be payable by cashier order(s) issued by a licensed bank in the PRC or cheque(s) drawn on a licensed bank in the PRC.

Pursuant to the Sale and Purchase Agreement, the Purchaser is entitled to deduct and withhold an amount equal to the tax payable of the Target Company as at the Completion Date attributable to the projects of the Target Company completed before the Completion Date (the “**Tax Withheld**”), from the payment of the Consideration. The refund arrangement of the Tax Withheld is set out in the subsection headed “Payment of Dividend, refund of Tax Withheld and settlement of Amounts due to Vendors” below.

The Purchaser shall pay to the Vendors (or their designated third parties) the balance of the Consideration (i.e. after deducting the Tax Withheld) on the Business Day that the preparation of the completion accounts of the Target Company has been completed and the amount of the Tax Withheld has been determined. Such date is estimated to be within three (3) months from the Completion Date.

Basis of Consideration

The Target Company shall declare cash dividend (the “**Dividend**”) to the shareholders of the Target Company immediately before the Completion. The basis of the Consideration has been agreed between the Purchaser and the Vendors on a post-Dividend basis and the Vendors (being the shareholders of the Target Company immediately before the Completion) shall be entitled to the Dividend, while the Purchaser shall not be entitled to the Dividend.

The Consideration was determined between the Purchaser and the Vendors after arm’s length negotiations and on normal commercial terms after taking into account, among others, (i) the net asset value of the Target Company after declaring the Dividend; (ii) the paid-up registered capital of the Target Company of RMB10 million; (iii) the current licences and permits possessed by the Target Company; (iv) the project on hand of the Target Company; (v) the business development and future prospects of the Target Company; and (vi) the reasons and benefits set out in the section headed “Reasons for and benefits of the Acquisition” in this announcement.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors) consider that the Consideration is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will express their view through the letter from the Independent Board Committee to the Independent Shareholders after considering, among others, the advice from the independent financial adviser.

Reference is made to the announcement of the Company dated 27 August 2020 about the change in use of proceeds that approximately HK\$6.1 million is intended to be utilised for potential merge and acquisition of the Group. Part of the Consideration at approximately RMB5.7 million (equivalent to approximately HK\$6.1 million) is to be funded by the net proceeds raised by the Company through the global offering upon the listing of the Shares on the Main Board of the Stock Exchange on 10 September 2018 (the “**Listing**”) and the remaining part of the Consideration at approximately RMB4.3 million (equivalent to approximately HK\$4.6 million) is to be funded by the Group’s internal resources.

Conditions

Completion is subject to the satisfactory fulfillment and/or waiver of the following Conditions:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence;
- (b) all necessary approvals by the government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the Acquisition and the transactions contemplated thereunder being obtained;
- (c) save and except any amounts of the Target Company due to the Vendors agreed to be retained by the Purchaser (the “**Amounts due to Vendors**”), all current accounts and loans of the Target Company connected to the existing shareholders and their associates, directors and their associates and related parties of the Target Company having been fully settled;
- (d) in relation to the Acquisition and the transactions contemplated thereunder, all relevant regulatory requirements (including but not limited to those under the Listing Rules) having been complied with and satisfied (including but not limited to the Company having issued and/or despatched the announcement and the circular, and passed the EGM in relation to the Acquisition and the transactions contemplated thereunder in accordance with the Listing Rules);
- (e) from the date of the Sale and Purchase Agreement to the date of Completion, all representations and warranties given by the Vendors under the Sale and Purchase Agreement having remained true, accurate and not misleading in all material respects;
- (f) there not having occurred, occurring or going to occur any event which would materially and adversely affect (i) the asset, business, operation or financial conditions of the Target Company; or (ii) the Vendors’ and the Purchaser’s capabilities in performing or complying with the material obligations, commitments or agreements under the Sale and Purchase Agreement;

- (g) there not having been existence of any relevant PRC laws, administrative regulations, rules, regulatory documents, or generally binding administrative orders (the “**PRC Laws**”) that prohibit or restrict the completion of the Acquisition and the transactions contemplated thereunder, or impose conditions or restrictions on the completion of the Acquisition and the transactions contemplated thereunder, or reasonably anticipate the occurrence of such circumstances in accordance with the PRC Laws;
- (h) the approval or filing procedure of the relevant ministry of commerce for the Acquisition having been obtained and completed; and
- (i) the shareholders of the Target Company approving the Acquisition and the transactions contemplated thereunder, and the amendments to the Target Company’s articles of association (if necessary).

The Purchaser may at any time waive in writing any Conditions (other than Conditions (b), (d), (g) and (h) above) and such waiver may be made subject to such terms and conditions as may be determined by the Purchaser. Conditions (b), (d), (g) and (h) above are not capable of being waived by the Purchaser.

If the Conditions have not been fulfilled or waived by the Purchaser (as the case may be) at or before 12:00 p.m. on 31 December 2022 (or such later date as all parties may agree in writing) (the “**Long Stop Date**”), the Sale and Purchase Agreement shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties and continued application of certain clauses.

Completion

When the Conditions have been fulfilled or waived by the Purchaser (as the case may be), the Purchaser shall issue to the Vendors a written notice to confirm to proceed to Completion. The Vendors shall, on the third Business Day after the receipt of such notice, apply to have the entire equity interest of the Target Company to be registered under the name of the Purchaser at the relevant industrial and commercial department.

The Completion shall take place no later than the Long Stop Date.

Upon Completion, the Target Company will be wholly owned by the Purchaser. Therefore, the Company will, through its indirect wholly-owned subsidiary, the Purchaser, be interested in the entire equity interest of the Target Company. The Target Company will also become an indirect wholly-owned subsidiary of the Company and the results of which will be consolidated into the financial statements of the Group.

Payment of Dividend, refund of Tax Withheld and settlement of Amounts due to Vendors

In arriving at the Consideration on a post-Dividend basis, it was the common intention of the Vendors and the Purchaser that the benefits and liabilities of the projects of the Target Company completed before the Completion Date (the “**Completed Projects**”) shall continue to be enjoyed and borne by the Vendors.

As such, the amount of the Dividend payable is determined by the following formula:

Dividend = Amount of the undistributed profits (after tax) of the Target Company as at the Completion Date - Amount of the undistributed profits (after tax) of the Target Company as at the Completion Date attributable to the Taishan Project.

The payment of the Dividend, the refund of the Tax Withheld and the settlement of the Amounts due to Vendors shall be by instalments and shall depend on the post-Completion recovery status of the trade receivables of the Target Company as at the Completion Date attributable to the Completed Projects (the “**Trade Receivables**”), the mechanism of which is briefly described below:

(A) If the accumulated amount of the Trade Receivables recovered by the Target Company after the Completion (the “**Trade Receivables Recovered**”) does not exceed the “**Threshold**”, which is determined by the following formula:

Threshold = Trade Receivables - Dividend - Tax Withheld - Amounts due to Vendors,

the Target Company does not need to pay any amount; and

(B) If the Trade Receivables Recovered exceeds the Threshold, the amount payable shall be:

Amount payable = Trade Receivables Recovered - Threshold - Amount previously paid (if any).

If any Trade Receivables are not able to be recovered by 31 December 2024 or are treated as bad debt after the Completion in accordance with the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法) and other applicable PRC Laws and accounting standards adopted by the PRC tax authority, the total sum of the Dividend to be payable, the Tax Withheld to be refunded and the Amounts due to Vendors to be settled shall be reduced on a dollar-to-dollar basis.

Others

The Vendors and the Purchaser agree to prepare the completion accounts of the Target Company in accordance with the generally accepted accounting principles in the PRC within three (3) months from the Completion Date.

The Vendors warrant that the net asset value of the Target Company as at the Completion Date after declaring the Dividend will not be less than RMB10 million.

The Vendors also warrant that the Target Company will be able to recover the entire amount of the Threshold by 31 December 2023 and the entire amount of the Trade Receivables by 31 December 2024.

The Sale and Purchase Agreement also contains, among others, the warranties and indemnities given by the Vendors to the Purchaser in relation to litigation, license, non-compliance and tax.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established on 11 April 2011 in the PRC with limited liability, and is directly owned as to 60% by Vendor A and 40% by Vendor B, respectively as at the date of this announcement. Upon Completion, the Target Company will be wholly owned by the Purchaser.

The scope of business of the Target Company pursuant to its business licence* (營業執照) includes, among others, construction of industrial and civil buildings, foundation piling, building refurbishment, water and electricity installation, water supply and drainage in the PRC.

As at the date of this announcement, the Target Company has no subsidiary.

Financial information of the Target Company

Set out below is the summary of the key financial information of the Target Company for the two years ended 31 December 2020 and 31 December 2021, prepared in accordance with the generally accepted accounting principles in the PRC:

| | For the year ended 31 December 2020 (unaudited) RMB'000 | For the year ended 31 December 2021 (unaudited) RMB'000 |
|------------------------------|--|--|
| Revenue | 24,041 | Nil |
| Net profit/(loss) before tax | 129 | (961) |
| Net profit/(loss) after tax | 96 | (961) |

The unaudited net asset value of the Target Company as at 31 December 2021 was approximately RMB23.7 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in providing structural works and fitting-out works services in Macau.

As disclosed on pages 85 and 86 of the prospectus of the Company dated 27 August 2018, prior to the Listing, the Target Company was once a non-wholly owned subsidiary of San Fong Seng Construction & Engineering Company Limited (the “**SFS Construction Macau**”), being an indirect wholly-owned subsidiary of the Company, that the Target Company was owned as 60% by SFS Construction Macau and 40% by Vendor B, respectively. Having considered that the day-to-day operation of the Target Company was mainly managed by Vendor B and the Group had no absolute control over the Target Company, the Group disposed all its 60% of the equity interest of the Target Company to Vendor A in late 2016 at the consideration of RMB6,000,000 (being the original acquisition cost of the relevant assets to Vendor A), which was determined with reference to the paid-up registered capital of the Target Company contributed by SFS Construction Macau.

After the Listing, the Group has been continuously exploring opportunities to improve its competitive strengths by actively seeking for new business opportunities arising from Guangdong-Hong Kong-Macau Greater Bay Area. Examples include the business expansions to engage in (i) building construction and engineering services in Hong Kong by acquiring 60% of the issued share capital of Lap Polly Engineering Company Limited in September 2019; and (ii) air purification business by entering into a connected party transaction with ActivPro Limited (being an indirect non-wholly owned subsidiary of the Company) in September 2020.

Although the wave of COVID-19 virus is spreading in some parts of the PRC recently, in view of the growing vaccination rate and the strong economy recovery measures implemented by the government, the Group believes that the economy in the PRC will stabilise and grow gradually in the first half of 2023. As such, the Group considers that now is the right time to expand its business to engage in the PRC construction industry.

As comparing to establishing a new PRC company, engaging in the PRC construction industry by way of the Acquisition enjoys the following advantages:

- (I) The Target Company has already possessed necessary licences and permits to engage in the PRC construction industry, including but not limited to, class two main contractor for construction works* (建築工程施工總承包貳級) and class three main contractor for municipal public works* (市政公用工程施工總承包三級). Time and costs can be saved to establish a new company and acquire the necessary licences and permits; and
- (II) As at the date of this announcement, the Target Company has one on-going construction project, i.e. the Taishan Project, which was commenced on in April 2022 and is expected to be completed by the mid of 2023.

On the other hand, from the perspective of the Target Company, the Acquisition allows it to become a member of a Hong Kong listed company group which is able to gain access to the capital market for fundraising. Backed by the Company which has a larger capital base and the reputation of a company listed on the Main Board of the Stock Exchange, the Directors consider that the Target Company will be in a better position to negotiate and tender for larger-sized and iconic construction projects, which will further develop and strengthen the financial performance of the Target Company and therefore is considered to be ultimately beneficial to the Company and the Shareholders as a whole. It is considered that the Acquisition will achieve a win-win situation.

Taking into account, among others, the above factors, the net asset value of the Target Company after declaring the Dividend, the paid-up registered capital of the Target Company, the current licences and permits possessed by the Target Company, the project on hand of the Target Company, the Tax Withheld, the Vendors' warranty in relation to the Threshold, and the business development and future prospects of the Target Company, the Board approved (with Mr. Lao being absent and did not vote in the relevant Board meeting, and Ms. Lao Chao U, Mr. Roberto Gnanavelu and Mr. Cheang Iek Wai abstained from voting) the Group to enter into the Sale and Purchase Agreement. In addition, the Directors (excluding the independent non-executive Directors) are of the opinion that the terms and conditions of the Sale and Purchase Agreement are on normal commercial terms or better after arm's length negotiations between the parties and are fair and reasonable, and the Acquisition and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors will express their view through the letter from the Independent Board Committee to the Independent Shareholders after considering, among others, the advice from the independent financial adviser.

Since the Group will engage in the provision of construction works business in the PRC after the Acquisition, Mr. Lao confirms that he and his close associates does not and will not conduct any provision of construction works business in the PRC which, directly or indirectly, competes or is likely to compete with the business of the Group in the PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) as set out in the Listing Rules in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval under the Listing Rules.

Vendor A, namely New Kingdom Development Company Limited (新國度發展一人有限公司), is a company incorporated in Macau with limited liability and is indirectly owned as to 98% by Mr. Lao (the chairman of the Board, an executive Director and a controlling Shareholder) and Mrs. Lao (a controlling Shareholder), and indirectly owned as to 2% by Ms. Vicki Lao respectively, and is therefore a connected person of the Company at the issuer level. Therefore, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

EGM

The Company will convene and hold the EGM for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder.

Mr. Lao is considered to have material interests in the Acquisition by virtue of his relationship with Vendor A, and he was absent in the Board meeting and did not vote for approving the Group to enter into the Sale and Purchase Agreement. Ms. Lao Chao U, being the daughter of Mr. Lao, and Mr. Roberto Gnanavelu and Mr. Cheang Iek Wai, being the sons-in-law of Mr. Lao, for the sake of prudence, have abstained from voting on the Board resolutions approving the Group to enter into the Sale and Purchase Agreement. Save for the aforesaid, no other Directors have abstained from voting on the said Board resolutions. Further, Laos International Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lao) and WHM Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mrs. Lao) will abstain from voting on the resolutions approving the Acquisition and the transactions contemplated thereunder in the EGM.

As at the date of this announcement, Laos International Holdings Limited and WHM Holdings Limited together hold 390,000,000 Shares, representing 65% of the issued share capital of the Company.

Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the Acquisition and the transactions contemplated thereunder.

A circular containing, among others, information on the Sale and Purchase Agreement, the letter from the Independent Board Committee to the Independent Shareholders, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, and other information as is required to be contained in it under the Listing Rules, together with a notice of the EGM and a form of proxy, are expected to be despatched to the Shareholders on or before 22 November 2022.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder. Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment and/or waiver of the Conditions. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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|----------------|---|
| “Acquisition” | the acquisition of the entire equity interest of the Target Company by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement |
| “associate(s)” | shall have the same meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |

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| “Business Day” | a day (excluding Saturday, Sunday and public holiday and any day on which a tropical cyclone warning no.8 signal or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business |
| “close associate(s)” | shall have the same meaning ascribed thereto in the Listing Rules |
| “Company” | AB Builders Group Limited (奧邦建築集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 01615) |
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Completion Date” | the date of the Completion |
| “Condition(s)” | the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, a summary of which is set forth under the paragraph headed “Sale and Purchase Agreement — Conditions” in this announcement |
| “connected person(s)” | shall have the same meaning ascribed thereto in the Listing Rules |
| “Consideration” | the total consideration of RMB10,000,000 (equivalent to HK\$10,700,000) for the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder, or where the context so admits, any adjournment of such extraordinary general meeting |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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|--------------------------------|--|
| “Independent Board Committee” | the independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder |
| “Independent Shareholders” | the Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolutions approving the Acquisition and the transactions contemplated thereunder |
| “Independent Third Party(ies)” | a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Mr. Lao” | Mr. Lao Chio Seng (劉朝盛), the chairman of the Board, an executive Director, a controlling Shareholder, the spouse of Mrs. Lao and the father of Ms. Vicki Lao |
| “Mr. Wu Wei Jian” | Mr. Wu Wei Jian* (吳偉儉), an Independent Third Party |
| “Mr. Wu Yong Qin” | Mr. Wu Yong Qin* (吳永欽), an Independent Third Party |
| “Mrs. Lao” | Ms. Wong Hio Mei (黃曉媚), a controlling Shareholder, the spouse of Mr. Lao and the mother of Ms. Vicki Lao |
| “Ms. Vicki Lao” | Ms. Lao Ka U (劉家裕), the daughter of Mr. Lao and Mrs. Lao |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan |
| “Purchaser” | Goldkent Investment Limited (金堅投資有限公司), a company incorporated on 1 April 2021 in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement for the Acquisition entered into between the Vendors and Purchaser dated 1 November 2022 |
| “Share(s)” | the ordinary share(s) in the share capital of the Company |

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|-------------------|---|
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Jiangmen Jinying Construction and Engineering Company Limited* (江門市晉盈建築工程有限公司), a company established on 11 April 2011 in the PRC with limited liability, and is directly owned as to 60% by Vendor A and 40% by Vendor B, respectively |
| “Vendors” | Vendor A and Vendor B |
| “Vendor A” | New Kingdom Development Company Limited (新國度發展一人有限公司), a company incorporated on 4 March 2011 in Macau with limited liability, and is indirectly owned as to 98% by Mr. Lao and Mrs. Lao, and indirectly owned as to 2% by Ms. Vicki Lao, respectively |
| “Vendor B” | Jiangmen City Pengjiang District Jinying Property Development Company Limited* (江門市蓬江區晉盈置業發展有限公司), a company established on 23 July 2009 in the PRC with limited liability, and is directly owned as to 90% by Mr. Wu Yong Qin and 10% by Mr. Wu Wei Jian, respectively |
| “Taishan Project” | an on-going construction project of the Target Company located in Taishan City, Guangdong Province, the PRC with a total contract sum at approximately RMB56.8 million |
| “%” | per cent. |

By Order of the Board
AB Builders Group Limited
Mr. LAO Chio Seng
Chairman and Executive Director

Macau, 1 November 2022

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.07.

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Lao Chio Seng, Ms. Lao Chao U, Mr. Roberto Gnanavelu, Mr. Cheang Iek Wai and Mr. Ip Kin Wa; and three Independent Non-executive Directors, namely Mr. Chu Yat Pang Terry, Mr. O’Yang Wiley and Mr. Choy Wai Shek, Raymond, MH, JP.

* *For identification purposes only*