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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)**

## **(i) CONNECTED TRANSACTIONS IN RELATION TO ACQUISITION; AND (ii) DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF LOAN**

### **THE ACQUISITION**

The Board hereby announces that on 9 September 2020, the Sellers and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement pursuant to which the Sellers agreed to sell and the Purchaser agreed to acquire 51% equity interest of the Target Company for an aggregate consideration of HK\$80,000. The principal business of the Target Company is the Air Purification Business.

Upon Completion, the Purchaser (a wholly-owned subsidiary of the Company) will hold 51% equity interest in the Target Company. The Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group. The Sellers will continue to collectively hold 49% equity interest of the Target Company following the Completion.

After the Acquisition, the Group intends to become authorised distributor(s) of the Air Purification Business. Further information will be disclosed in further announcements (if any) as required by the Listing Rules.

## **THE PROVISION OF LOAN FOR WORKING CAPITAL**

The Board hereby announces that on 9 September 2020, the Company and the Target Company entered into the Loan Agreement whereby the Company agreed to provide the Target Company with the Loan of up to HK\$9,000,000 in two or more tranches, which is revolving and repayable within two years after the first drawdown is made. The first tranche will be limited to HK\$4,000,000, The second tranche may be drawn after the Target Company prepares and submits a more detailed business plan in relation to its operations to the Company, and the management of the Company approves the said plan accordingly. After drawing of the second tranche, subsequent tranches may be drawn at any time as the Target Company sees fit according to the terms of the Loan Agreement. The Loan will be used primarily as the working capital for the Air Purification Business.

## **LISTING RULES IMPLICATIONS**

### **The Acquisition of the Target Company**

As Mr. Marco Lee is the COO and executive Director of the Company, he and his associates are connected persons to the Company under the Listing Rules. One of the Sellers, Ms. Doris Chan, who is the director and controlling shareholder holding 50% equity interest of the Target Company as at the date of this announcement and selling 25.5% equity interest of the Target Company pursuant to the Acquisition, is the spouse of Mr. Marco Lee. Therefore, the Acquisition is a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, as all the applicable percentage ratios in respect of the Acquisition are less than 5% and the total consideration is less than HK\$3,000,000 which fall within the de minimis threshold set out in Listing Rule 14A.76, the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive directors) have confirmed that the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Thus, the Acquisition is fully exempt under Rule 14A.76(1) of the Listing Rules.

### **The Provision of Loan to the Target Company**

After completion of the Acquisition, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and Ms. Doris Chan will continue to hold 24.5% equity interest of the Target Company. Therefore, the Provision of Loan to the Target Company and the transactions contemplated thereunder will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Provision of Loan exceeds 5% and is lower than 25%, the Provision of Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14A.76(2)(b) of the Listing Rules, as one or more of the applicable percentage ratio in respect of the Provision of Loan is less than 25% and the total value of the financial assistance is less than HK\$10,000,000 which will fall within the de minimis threshold, the Board has approved the Loan Agreement and the Directors (including the independent non-executive directors) have confirmed that the terms of the Loan Agreement and the transactions contemplated therein are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Therefore, it will only be subject to the reporting and announcement requirements but is exempt from the circular and the independent shareholders' approval requirements.

#### **Director(s) to Abstain from Voting in Board Resolutions**

As mentioned, one of the Sellers, Ms. Doris Chan, holding 50% equity interest of the Target Company and the director of the Target Company as at the date of this announcement, is the spouse of Mr. Marco Lee. Ms. Doris Chan will remain as the director and substantial shareholder holding 24.5% equity interest of the Target Company immediately upon Completion of the Acquisition. Accordingly, Mr. Marco Lee has abstained from voting on the Board resolutions in respect of the Acquisition, the Provision of Loan, and the transactions contemplated thereunder.

Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Directors has any material interest in the transactions contemplated thereunder. Therefore, none of the other Directors was required to abstain from voting on the relevant Board resolutions approving the Acquisition, the Provision of Loan and the transactions contemplated thereunder.

#### **(i) THE ACQUISITION**

The Board hereby announces that on 9 September 2020, the Sellers and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement pursuant to which the Sellers agreed to sell and the Purchaser agreed to acquire 51% equity interest of the Target Company for an aggregate consideration of HK\$80,000. The principal business of the Target Company is the Air Purification Business.

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

## **The Sale and Purchase Agreement**

### ***Date***

9 September 2020

### ***Parties***

1. Topwin Scientific Limited as the First Seller;
2. Ms. Doris Chan as the Second Seller;

(collectively the “**Sellers**”)

and

3. Speedy Profit International Investment Limited as the Purchaser
4. Mr. Kelvin Chan as the Guarantor

### ***Subject Matter***

Pursuant to the Sale and Purchase Agreement, the First Seller agreed to sell 25.5% equity interest of the Target Company, the Second Seller agreed to sell 25.5% equity interest of the Target Company, and the Purchaser agreed to acquire 51% equity interest of the Target Company, subject to the terms and conditions of the Sale and Purchase Agreement.

### ***Consideration and Payment***

The Consideration of the aggregate amount of HK\$80,000 is payable to each of the Sellers by bank transfer on Completion.

### ***Basis of the Consideration***

The Consideration was determined after an arm’s length negotiation among the Sellers and the Purchaser, taking into account, among other things, the paid-up capital and costs for initial setting up of the Air Purification Business, including the purchase order of sample air purification unit/system.

## **Completion**

The Sale and Purchase Agreement shall complete on signing of the Sale and Purchase Agreement.

Upon Completion, the Purchaser will hold 51% equity interest of the Target Company. The Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group. The Sellers will continue to collectively hold 49% equity interest of the Target Company following Completion.

## **(ii) THE PROVISION OF LOAN**

The Board hereby announces that on 9 September 2020, the Company and the Target Company entered into the Loan Agreement whereby the Company agreed to provide the Target Company with the Loan of up to HK\$9,000,000 in two or more tranches, which is revolving and repayable within two years after the first drawdown is made. The first tranche will be limited to HK\$4,000,000, and the second and subsequent tranches will be drawn, at the Target Company's requests, when the Target Company prepares and submits a more detailed business plan in relation to its operations to the Company, and the management of the Company approves the said plan accordingly. The Loan will be used primarily as the working capital for the Air Purification Business.

The principal terms of the Loan Agreement are set out below:

### **The Loan Agreement**

#### ***Date***

9 September 2020

#### ***Parties***

1. the Company as the Lender; and
2. the Target Company as the Borrower.

#### ***Amount of the Loan***

The Loan is revolving and may be drawn down by the Target Company in one or more tranches for up to HK\$9,000,000 by serving the Company with a two (2) business days' prior written notice for each drawdown.

### ***Interest Rate***

The interest rate of 6% per annum was arrived at after an arm's length negotiation between the Target Company and the Company with reference to the current interest rate on loan to another indirect non-wholly owned subsidiary of the Company where the remaining shareholders are independent.

### ***Maturity Date and Repayment***

The principal amount of the Loan together with all accrued interest shall be repayable in full on demand by the Lender.

The Target Company may make prepayment of the Loan and the interest or any part thereof at any time before the maturity date without penalty provided that a two (2)-business-days' prior written notice is given to the Company. The Target Company may redraw any amount of the pre-paid Loan.

### ***Security***

A floating charge over all cash, stock and receivables of the Target Company will be created as a security in favour of the Company to secure the Loan. Each Seller shall mortgage their respective 24.5% equity interest in the Target Company in favour of the Company under their respective share mortgage to secure the Loan.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

### **The Acquisition**

The Board considers that the Acquisition is beneficial to the Group because of the great development potential of the Target Company's business. The Board expects a synergy of the Target Company's Air Purification Business with the Group's fitting out work business. Therefore, the Group is able to expand its customer base as the result of the Acquisition since the Sellers undertake to use reasonable endeavours for the development of Air Purification Business and provide necessary technical and strategic support. Further, while the Acquisition is in line with expansion of the Group's business strategy, it will enhance the Group's commercial interest to engage in the markets related to the Air Purification Business and other Businesses of the Target Company. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms in the interests of the Company, the Group, and the respective shareholders as a whole.

The Group intends to become authorized distributor(s) of the Air Purification businesses after the Acquisition to allow the Group to offer such value-added products and services to its customers and will be beneficial to the Group's business development. This is subject to further negotiation after a period of operation and further announcement (if any) will be made accordingly to the Listing Rules.

Other than Mr. Marco Lee, none of the Directors has a material interest in the Acquisition or is required to abstain from voting on the board resolutions for approval of the same.

### **The Provision of Loan**

The Target Company is sourcing and ordering from potential supplier(s) for air purification related products. The Loan will be used primarily for the development and operation of the Air Purification Business and other businesses of the Target Company. The Provision of Loan by the Company to the Target Company will enhance the cashflow and working capital of the Target Company as well as the development of the Air Purification Business which will in turn contribute to the overall business development and financial results of the Group.

The terms of the Loan Agreement (including the interest rate) are negotiated on an arm's length basis between the Company and the Target Company, having taken into account the prevailing market interest rates and practices. As such, the Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company, the Group, and the respective shareholders as a whole.

The Company will finance the Loan under the Loan Agreement with its internal resources. The provision of such financial assistance is not expected to have any material impact on the results and/or financial position of the Group.

Other than Mr. Marco Lee, none of the Directors has a material interest in the Acquisition or is required to abstain from voting on the board resolutions for approval of the same.



## **LISTING RULES IMPLICATIONS**

### **The Acquisition of the Target Company**

As Mr. Marco Lee is the COO and executive Director of the Company, he and his associates are connected persons of the Company under the Listing Rules. One of the Sellers, Ms. Doris Chan, also the director and a controlling shareholder holding 50% equity interest of the Target Company as at the date of this announcement and selling 25.5% equity interest of the Target Company pursuant to the Acquisition, is the spouse of Mr. Marco Lee. Therefore, the Acquisition is a connected transaction of the Company under the chapter 14A of the Listing Rules. Ms. Doris Chan will remain as the director and a substantial shareholder holding 24.5% equity interest of the Target Company immediately upon Completion of the Acquisition.

As the applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is only subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

Accordingly, as all the applicable percentage ratios in respect of the Acquisition are less than 5% and the total consideration is less than HK\$3,000,000 which fall within the de minimis threshold set out in Listing Rule 14A.76, the Board has approved the Sale and Purchase Agreement and the transactions contemplated thereunder and the Directors (including the independent non-executive directors) have confirmed that the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Thus, the Acquisition is fully exempt under Rule 14A.76(1) of the Listing Rules.

### **The Provision of Loan to the Target Company**

After Completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company and Ms. Doris Chan will continue to hold 24.5% equity interest of the Target Company. Therefore, the Provision of Loan to the Target Company and the transactions contemplated thereunder will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.



As one or more of the applicable percentage ratios in respect of the Provision of Loan exceeds 5% and is lower than 25%, the Provision of Loan constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14A.76(2)(b) of the Listing Rules, as one or more of the applicable percentage ratio in respect of the Provision of Loan is less than 25% and the total value of the financial assistance is less than HK\$10,000,000 which will fall within the de minimis threshold, the Board has approved the Loan Agreement and the transactions contemplated therein and the Directors (including the independent non-executive directors) have confirmed that the terms of the Loan Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Therefore, it will only be subject to the reporting and announcement requirements but is exempt from the circular and the independent shareholders' approval requirements.

### **Director(s) to Abstain from Voting in Board Resolutions**

As mentioned, one of the Sellers, Ms. Doris Chan, also the director and controlling shareholder holding 50% equity interest of the Target Company as at the date of this announcement, is the spouse of Mr. Marco Lee. Ms. Doris Chan will remain as the director and substantial shareholder holding 24.5% equity interest of the Target Company immediately upon Completion of the Acquisition. Accordingly, Mr. Marco Lee has abstained from voting on the Board resolutions in respect of the Acquisition, the Provision of Loan and the transactions contemplated thereunder.

Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Directors has any material interest in the transactions contemplated thereunder. Therefore, none of the other Directors was required to abstain from voting on the relevant Board resolutions approving the Acquisition, the Provision of Loan, and the transactions contemplated thereunder.

## **INFORMATION ON PARTIES**

### **The Purchaser and the Group**

The Purchaser is a limited liability company established in the British Virgin Islands and is a wholly-owned subsidiary of the Company. The Group is principally engaged structural works and fitting out works in Macau and Hong Kong and whose shares are listed on the Main Board of the Stock Exchange.

## **The Sellers**

The First Seller is a limited liability company established in Hong Kong and its principal business is engaged in Hong Kong and holding 50% equity interest of the Target Company immediately before the Acquisition. The First Seller will remain a substantial shareholder holding 24.5% equity interest of the Target Company following the Completion of the Acquisition.

The Second Seller is a natural person and a controlling shareholding holding 50% equity interest of the Target Company immediately before the Acquisition and is a Connected Person of the Company. The Second Seller will remain a substantial shareholder holding 24.5% equity interest of the Target Company following the Completion of the Acquisition.

The Sellers will collectively hold 49% equity interest of the Target Company following the Completion of the Acquisition.

## **INFORMATION ON THE TARGET COMPANY**

### **The Business of the Target Company**

The Target Company is primarily engaged in the Air Purification Business.

### **General Information of the Target Company**

The Target Company is a limited liability company incorporated in Hong Kong on 22 July 2020 with total share capital of HK\$1,000.

As of 31 August 2020, the Target Company's unaudited profits and loss and asset are as follows: net loss for the period ended 31 August 2020 was HK\$59,756 with net liabilities as of 31 August 2020 was HK\$58,756. Such financial information is based on the unaudited management account of the Target Company.

The Company confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as disclosed, the First Seller and the ultimate beneficial owner of the Target Company are independent third parties.

## DEFINITIONS

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

“Acquisition”	the acquisition of 51% of the issued share capital of the Target Company pursuant to the Sale and Purchase Agreement;
“Air Purification Business”	import, branding, sales, trading, sourcing, supply of air purification unit/system, and purifiers technical support and maintenance thereof and related business in Hong Kong and Macau;
“Board”	the board of Directors;
“Borrower”	the Target Company, being the borrower in the Loan Agreement;
“Business Day(s)”	a day other than the holiday(s) as regulated by the relevant regulation department of the State Council of the PRC;
“Company”	AB Builders Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed 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;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	HK\$80,000, being the consideration of the Acquisition which is determined with reference to, among other things, the unaudited management accounts of the Target Company;
“COO”	the Chief Operating Officer of the Company, referring to Mr. Marco Lee as at the date of this announcement;
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company (including its independent non-executive directors);

“Group”	the Company and its subsidiaries from time to time;
“Guarantor”	the guarantor of the Sale and Purchase Agreement, Mr. Kelvin Chan, Mr. Kelvin Chan guarantees the First Seller’s performance of the Sale and Purchase Agreement;
“Sale Shares”	being 51% equity interests of the Target Company owned by the Sellers together with all rights and interests related thereto;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lender”	the Company, being the lender of the Loan Agreement;
“Listing Rule”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the loan provided by the Company to the Target Company pursuant to the Loan Agreement;
“Loan Agreement”	the loan agreement entered into between the Company and the Target Company on 9 September 2020 in respect of the provision of Loan;
“Mr. Kelvin Chan”	Mr. Chan Kwok Ming, Kelvin, the sole shareholder and the beneficial owner of Topwin Scientific Limited, one of the Sellers
“Mr. Marco Lee”	Mr. Lee Siu Cheung, the COO and executive director of the Company, and spouse of Ms. Doris Chan, one of the Sellers
“Ms. Doris Chan”	Ms. Chan Wan Yue, Doris, one of the Sellers, the director and controlling shareholder holding 50% equity interest of the Target Company as at the date of this announcement, and spouse of Mr. Marco Lee;
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China, which for the purpose of this announcement including Hong Kong, Macau and Taiwan;
“Provision of Loan”	the provision of the Loan to the Target Company pursuant to the Loan Agreement;
“Purchaser”	Speedy Profit International Investment Limited, a wholly-owned subsidiary of the Company;

“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Purchaser and the Sellers on 9 September 2020 in respect of the Acquisition;
“Sellers”	Topwin Scientific Limited, a limited liability company established in Hong Kong and ultimately owned by Mr. Kelvin Chan (“ <b>First Seller</b> ”), and Ms. Doris Chan (“ <b>Second Seller</b> ”), each holding 50% equity interest of the Target Company immediately before the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“Target Company”	ActivPro Limited, a limited liability company established in Hong Kong;
“Transaction(s)”	the entering into of the Sale and Purchase Agreement, the Loan Agreement and the transactions contemplated thereunder;
“%”	per cent.

By Order of the Board  
**AB Builders Group Limited**  
**Lao Chio Seng**  
*Chairman and executive Director*

Macau, 9 September 2020

*As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Lao Chio Seng, Ms. Lao Chao U, Mr. Lee Siu Cheung, Ms. Lao Ka U, 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.*