

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION
TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of AB Builders Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 which was published on 27 April 2023 (the “**2022 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2022 Annual Report.

**SUPPLEMENTAL INFORMATION TO 2022 ANNUAL REPORT IN
RELATION TO THE USE OF PROCEED**

In addition to the information disclosed in the section headed “USE OF PROCEED” in the MANAGEMENT DISCUSSION AND ANALYSIS on page 83 of the 2022 Annual Report, the Board would like to provide further information pursuant to paragraphs 11(8) and 11A of Appendix 16 to the Listing Rules in relation to the use of proceeds under the section as follows:

As disclosed in the 2022 Annual Report, net proceeds allocated to potential merger and acquisition of approximately HK\$6.1 million was unutilised as of 31 December 2022. The unutilised net proceeds was initially planned to be fully utilised by December 2021. As disclosed in the 2022 Annual Report, the Group targets to utilise the unutilised net proceeds for potential merger and acquisition before the end of June 2023. The delay in the use of the unutilised net proceeds is mainly due to the unfavourable impact on the global prospects imposed by COVID-19 pandemic together with a series of precautionary and control measures undertaken by the government across the world caused the Group to take longer time to solicit suitable target company that is beneficial to and aligns with the Group’s future development and thus the potential merger and acquisition plan has been delayed.

As at the date of this announcement, the unutilised net proceeds has been fully utilised. For details, please refer to the discloseable and connected transactions circular dated 2 December 2022. In summary, it was mentioned that subject to the independent shareholders’ approval of the acquisition, the unutilised proceeds would be applied to fund the acquisition upon completion. The original long stop date was 31 December 2022 and was subsequently extended to 28 February 2023. Eventually, the completion took place on 16 January 2023.

SUPPLEMENTAL INFORMATION TO 2022 ANNUAL REPORT IN RELATION TO THE SHARE OPTION SCHEME

In addition to the information disclosed in the section headed “SHARE OPTION SCHEME” in the DIRECTORS’ REPORT on pages 6 to 9 of the 2022 Annual Report, the Board would like to provide further information pursuant to Rules 17.07, 17.07A and 17.09 of the Listing Rules in relation to the Share Option Scheme under the section as follows:

Exercise period

The option period of an option may not end later than ten years after the offer date of that option.

Vesting period

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

The particulars of the share options under the Share Option Scheme during the year ended 31 December 2022 are as follows:

Name or category of participant	Date of grant	Vesting date	Vesting period	Validity period	Exercise price per share	Outstanding as at 1 January 2022	Granted during the year	Number of share options		Outstanding as at 31 December 2022	Exercisable at 31 December 2022
								Exercised during the year	Lapsed/ Cancelled/ Forfeited during the year		
Senior management	24 February 2022	29 May 2022	24 February 2022 to 28 May 2022	24 February 2022 to 16 August 2028	HK\$0.272	—	1,000,000	—	—	1,000,000	1,000,000
	24 February 2022	29 November 2022	24 February 2022 to 28 November 2022	24 February 2022 to 16 August 2028	HK\$0.67	—	1,000,000	—	—	1,000,000	1,000,000
	24 February 2022	29 November 2023	24 February 2022 to 28 November 2023	24 February 2022 to 16 August 2028	HK\$0.67	—	1,000,000	—	—	1,000,000	—
						—	3,000,000	—	—	3,000,000	2,000,000

Note: On 24 February 2022, the Company granted 3,000,000 options to subscribe for shares to Mr. Fan Chi Chiu, the chief investment officer of the Company (the “Grantee”), in accordance with the terms of the Share Option Scheme. The share options were/to be vested in three tranches, with each tranche covering one-third of the relevant options, i.e. exercisable to the extent of one-third of the relevant options with the 1st, 2nd and 3rd tranche becoming exercisable from 29 May 2022, 29 November 2022 and 29 November 2023 respectively to 16 August 2028; at exercise price of HK\$0.272, HK\$0.67 and HK\$0.67 per share respectively. The closing price of the Company’s shares immediately before 24 February 2022, the date of grant, was HK\$0.255. Please refer to the announcement issued by the Company on 24 February 2022 for further details of share options granted during the year ended 31 December 2022.

The number of options available for grant under the Share Option Scheme was 60,000,000 as at 1 January 2022 and 57,000,000 as at 31 December 2022. The number of shares that may be issued in respect of options granted (i.e. 3,000,000) under the Share Option Scheme during the year ended 31 December 2022 divided by the weighted average number of issued shares of the Company for the year was 0.5%. As at the date of the 2022 Annual Report, the number of shares available for issue under the Share Option Scheme was 60,000,000 representing 10% of the total number of issued shares of the Company.

Remuneration Committee

During the year ended 31 December 2022, the Remuneration Committee held two meetings to review and approve the remuneration policy, remuneration packages of the Directors and senior management of the Group, and to consider, approve and make recommendation to the Board in relation to the grant of share options to the Grantee, who is a senior management of the Group.

Summary of matters relating to the Share Option Scheme reviewed by the Remuneration Committee

Grant of share options under the Share Option Scheme

During the year ended 31 December 2022, 3,000,000 share options have been granted to the Grantee, in accordance with the terms of the Share Option Scheme.

Vesting Period

The share options were/to be vested in three tranches, with each tranche covering one-third of the relevant options, i.e. exercisable to the extent of one-third of the relevant options with the 1st, 2nd and 3rd tranche becoming exercisable from 29 May 2022, 29 November 2022 and 29 November 2023 respectively to 16 August 2028. The Remuneration Committee has noted that the purpose of the Share Option Scheme is to provide an incentive or a reward to the Eligible Participants for their contribution to the Group, and that the Share Option Scheme does not restrictively specify the vesting period. The Remuneration Committee and the Board consider that the grant of such share options with the vesting period in three tranches: (i) aligns the interests of the Grantee with that of the Company and the shareholders of the Company as a whole; (ii) provides incentive to the Grantee to continue to work for the success and improved performance of the Group; (iii) as part of competitive terms and conditions to induce the Grantee to join the Group; and (iv) reinforces his commitment to long-term services to the Group. All of these are consistent with the purpose of the Share Option Scheme.

Performance target

There is no performance target attached with the share options. The Remuneration Committee has noted that the purpose of the Share Option Scheme is to provide an incentive or a reward to the Eligible Participants for their contribution to the Group and that the Share Option Scheme does not restrictively specify the contribution. The Remuneration Committee has also considered (a) the importance of the roles and responsibilities of the Grantee; and (b) the expected contributions of the Grantee to be made to the future development of the Group and is of the view that the grant of share options without any performance target aligns with the purpose of the Share Option Scheme.

Clawback mechanism

There is no clawback mechanism attached to the share options. The share options granted shall lapse and cannot be exercised with immediate effect if the Grantee ceases to be an employee of the Group. The Remuneration Committee considers that the Share Option Scheme is intended to reward Eligible Participants who have contributed to the business development of the Group and to encourage Eligible Participants to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole. In respect of the share options granted during the year ended 31 December 2022, the Remuneration Committee also consider that: (a) the Grantee is Eligible Participant under the Share Option Scheme who would contribute directly to the overall business performance and sustainable development of the Group; and (b) the share options are subject to the terms of the Share Option Scheme which provides for circumstances under which the share options may lapse.

The information contained in this supplemental announcement does not affect other information contained in the 2022 Annual Report. Save as disclosed above, all other information in the 2022 Annual Report remains unchanged.

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

Hong Kong, 16 August 2023

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.