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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 TRANSACTION
SUBSCRIPTION OF CAPITAL BONDS

THE SUBSCRIPTION

The Board announces that on 29 November 2023, the Company has subscribed the Capital Bonds to be issued by the Issuer in the subscription amount of US\$4,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 November 2023, the Company has subscribed the Capital Bonds to be issued by the Issuer in the subscription amount of US\$4,000,000.

THE SUBSCRIPTION

Date: 29 November 2023

Parties: The Company, as the subscriber

Luso International Banking Limited, as the issuer

Subscription amount: US\$4,000,000

The Subscription will be funded by the Group's internal resources. The Capital Bonds will be accounted for as investments in the accounts of the Company.

Principal Terms of the Capital Bonds

Issuer:	Luso International Banking Limited
Issue price:	100% of the principal amount of the Capital Bonds
Denomination:	The Capital Bonds will be issued in registered form in the specified denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.
Status of the Capital Bonds:	The Capital Bonds will constitute direct, unsecured and subordinated obligations of the Issuer, ranking <i>pari passu</i> without any preference among themselves.
Interest:	<p>The Capital Bonds will bear interest on their outstanding principal amount (subject to adjustments following the occurrence of a Non-Viability Trigger Event in accordance with the conditions of the Capital Bonds) from, and including, the Issue Date in accordance with the conditions of the Capital Bonds. Interest shall be payable semi-annually in arrear on 29 May and 29 November in each year (each an “Interest Payment Date”) at the applicable interest rate in equal instalments during the Initial Interest Rate Period and the Reset Interest Rate Period, respectively, commencing on 29 May 2024.</p> <p>The interest rate applicable to the Capital Bonds shall be:</p> <ul style="list-style-type: none">(i) in respect of the period from, and including, the Issue Date to, but excluding, the Reset Date (the “Initial Interest Rate Period”), 7.50% per annum; and(ii) in respect of the period from, and including, the Reset Date to, but excluding, the Maturity Date (the “Reset Interest Rate Period”), the Reset Interest Rate.
Issue Date:	29 November 2023
Maturity Date:	29 May 2034

Redemption for tax reasons:

Subject to the conditions of the Capital Bonds, the Capital Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (whether before, on or following the Call Date), at their principal amount together with any accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to adjustments following the occurrence of a Non-Viability Trigger Event in accordance with the conditions of the Capital Bonds, if the Issuer satisfies the trustee immediately before the giving of such notice that (i) it has or will become obliged to pay additional amounts as described under the conditions of the Capital Bonds as a result of any change in, or amendment to, the laws or regulations of Macau or any political subdivision or any authority thereof or therein, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 24 November 2023; and (ii) such obligation will apply on the occasion of the next payment due in respect of the Capital Bonds and cannot be avoided by the Issuer taking reasonable measures available to it.

Redemption for tax deduction reasons:

Subject to the conditions of the Capital Bonds, the Capital Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (whether before or following the Call Date), at their principal amount together with any accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to adjustments following the occurrence of a Non-Viability Trigger Event in accordance with the conditions of the Capital Bonds, following the occurrence of a Tax Deduction Event.

Redemption for regulatory reasons:	Subject to the conditions of the Capital Bonds, if a change in the Capital Regulations or regulations made thereunder occurs on or after the Issue Date having the effect that the Capital Bonds, after having qualified as such, will no longer qualify as Tier 2 Capital Instrument (or equivalent or any successor type of regulatory capital instrument) of the Issuer (the “ Regulatory Variation Event ”, which, for the avoidance of doubt, does not include any such disqualification of the Capital Bonds as a result of any discounting or amortisation of the Capital Bonds pursuant to the relevant law and regulation in force as at the Issue Date), the Issuer may redeem at its option all but not some only of the Capital Bonds at any time (whether before or following the Call Date), at their principal amount together with any accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to adjustments following the occurrence of a Non-Viability Trigger Event in accordance with the conditions of the Capital Bonds.
Redemption at the option of the Issuer:	Subject to the conditions of the Capital Bonds, the Capital Bonds will be redeemable at the option of the Issuer. Subject to the conditions of the Capital Bonds, the Issuer may redeem at its option all but not some only of the Capital Bonds on the Call Date, at their principal amount together with any accrued but unpaid interest to, but excluding, the date fixed for redemption, subject to adjustments following the occurrence of a Non-Viability Trigger Event in accordance with the conditions of the Capital Bonds.
Variation for regulatory reasons:	Upon the occurrence of the Regulatory Variation Event, the Issuer may, subject to and in accordance with any applicable regulatory requirements, at any time (whether before or following the Call Date) vary the terms of the Capital Bonds so that they remain or, as the case may be, become, eligible Tier 2 Capital Instruments and the trustee shall (subject to the provisions of the conditions of the Capital Bonds and subject to the receipt by it of the opinion and certificate referred to in the conditions of the Capital Bonds) agree to such variation.

Conditions for redemption and purchase in respect of the Capital Bonds: Notwithstanding any other provision in the conditions of the Capital Bonds, the Issuer shall not redeem any of the Capital Bonds, unless (i) the prior written consent of the AMCM thereto shall have been obtained by the Issuer pursuant to the Capital Regulations, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the AMCM in relation thereto (unless otherwise directed by the AMCM) and (ii) the relevant conditions as required by the NFRA are satisfied.

Prior to redemption of any of the Capital Bonds by the Issuer, XIB needs to report to the NFRA in writing in respect of such redemption and in such case, the Capital Bonds will be redeemed by the Issuer on the basis that such redemption is confirmed by the NFRA.

Non-Viability Trigger Event:

means the earliest of:

- (i) the AMCM notifying the Issuer in writing that the AMCM is of the opinion that a write-off or conversion is necessary, without which the Issuer would become non-viable;
- (ii) the AMCM notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable;
- (iii) the home authority of XIB notifying XIB in writing that the home authority is of the opinion that a write-off or conversion is necessary, without which the Issuer or XIB would become non-viable; or
- (iv) the home authority of XIB notifying XIB in writing that the home authority has decided that a public sector injection of capital or equivalent support, in the jurisdiction of XIB, is necessary, without which the Issuer or XIB would become non-viable.

Listing: Application will be made to the MOX for the listing of the Capital Bonds by way of debt issues to MOX professional investors only.

Application will be made to the Stock Exchange for the listing of the Capital Bonds by way of debt issues to professional investors only.

INFORMATION OF THE ISSUER

The Issuer is a company incorporated in Macau with limited liability. The Issuer is a commercial bank in Macau. Based on the public information available as at the date of this announcement, the Issuer is a member of XIB, the single largest shareholder of which is Fujian Futou Investment Limited Liability Company* (福建省福投投資有限責任公司), which is wholly-owned by Fujian Investment & Development Group Co., Ltd* (福建省投資開發集團有限責任公司) and the actual controlling shareholder of which is the State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Issuer and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE GROUP

The Group is principally engaged in provision of construction services including structural works and fitting-out works, and sales of air purification unit/system in Macau, Hong Kong, and PRC and whose shares are listed on the Main Board of the Stock Exchange.

REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Group subscribed for the Capital Bonds for treasury management purpose. The Directors consider that the Subscription provides the Group with an opportunity to utilize certain internal cash resources to diversify its investment portfolio, as well as to generate stable return to the Group. The Subscription would optimize the Group's capital structure and improve the utilization of its internal financial resources.

The Directors consider the terms of the Subscription and the Capital Bonds are on normal commercial terms which are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“AMCM”	Autoridade Monetária de Macau or any successor thereto with the primary responsibility for the regulatory supervision of the Issuer in Macau
“Board”	the board of Directors
“Call Date”	29 May 2029
“Capital Bonds”	US\$280,000,000 Tier 2 Capital Bonds due 2034 issued by the Issuer
“Capital Regulations”	the Financial System Act (Law No. 13/2023) and/or any other bank capital regulations from time to time applicable to the regulatory capital of the Issuer as published by the AMCM
“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)

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Interest Rate Period”	has the meaning ascribed to it in the paragraph headed “The Subscription — Principal Terms of the Capital Bonds — Interest” in this announcement
“Interest Payment Date”	has the meaning ascribed to it in the paragraph headed “The Subscription — Principal Terms of the Capital Bonds — Interest” in this announcement
“Issue Date”	29 November 2023
“Issuer”	Luso International Banking Limited, a company incorporated in Macau with limited liability. Luso International Banking Limited is a commercial bank in Macau
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Maturity Date”	29 May 2034
“MOX”	Chongwa (Macao) Financial Asset Exchange Co., Ltd.
“NFRA”	the National Financial Regulatory Administration (國家金融監督管理總局) (which was formed on the basis of the former China Banking and Insurance Regulatory Commission in March 2023) or the China banking regulatory authorities of the State Council or any successor entity, including their respective local counterparts
“Non-Viability Trigger Event”	has the meaning ascribed to it in the paragraph headed “The Subscription — Principal Terms of the Capital Bonds — Non-Viability Trigger Event” in this announcement
“PRC”	the People’s Republic of China and for the purpose of this announcement shall include Hong Kong, Macau and Taiwan

“Regulatory Variation Event”	has the meaning ascribed to it in the paragraph headed “The Subscription — Principal Terms of the Capital Bonds — Redemption for regulatory reasons” in this announcement
“Reset Date”	29 May 2029
“Reset Interest Rate”	the interest rate per annum equal to the sum of (i) the then-prevailing US Treasury Rate (as further detailed in the conditions of the Capital Bonds) and (ii) 3.011% per annum
“Reset Interest Rate Period”	has the meaning ascribed to it in the paragraph headed “The Subscription — Principal Terms of the Capital Bonds — Interest” in this announcement
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Capital Bonds by the Company in the total subscription amount of US\$4,000,000
“Tax Deduction Event”	if (i) in respect of the interest payable on the Capital Bonds, the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of computing its taxation liabilities in Macau or any political subdivision or any authority thereof or therein having power to tax as a result of any change in, or amendment to, the laws or regulations of Macau or any political subdivision or any authority thereof or therein or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 24 November 2023; and (ii) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it
“Tier 2 Capital”	has the meaning that will be given to Tier 2 capital pursuant to the Capital Regulations
“Tier 2 Capital Instruments”	any security, instrument or any other similar obligation issued or guaranteed by the Issuer that, in each case, constitutes Tier 2 Capital of the Issuer pursuant to the Capital Regulations

“US\$”	US dollars, the lawful currency of the United States of America
“XIB”	Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司), a limited liability company incorporated in the PRC
“%”	per cent

By order of the Board
AB Builders Group Limited
Lao Chio Seng
Chairman and Executive Director

Macau, 29 November 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.

* *For identification purpose only*