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NOBLE ENGINEERING GROUP HOLDINGS LIMITED

怡康泰工程集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 37.88% OF THE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE

THE ACQUISITION

On 19 January 2023 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing 37.88% of the issued share capital of the Target Company, at the Consideration of HK\$75,000,000 which shall be satisfied by the issue of the Convertible Bond upon Completion.

The Convertible Bond is convertible into 50,000,000 Conversion Shares at the Conversion Price of HK\$1.5 per Conversion Share. The Conversion Shares will be allotted and issued under the General Mandate.

The Conversion Shares represent approximately 19.90% of the issued share capital of the Company as at the date of this announcement and approximately 16.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full exercise of the Conversion Rights attaching to the Convertible Bond.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of the conditions precedent under the Sale and Purchase Agreement. The Acquisition may or may not complete. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

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THE ACQUISITION

The Sale and Purchase Agreement

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

Date: 19 January 2023 (after trading hours)

Parties: (i) Noble Crystal (BVI) Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser; and

(ii) Mr. Ng and Mr. Chiang as the Vendors.

As at the date of this announcement, the Target Company is owned as to 56.5% by Mr. Ng and 43.5% by Mr. Chiang. The Vendors are the legal and beneficial shareholders of the Target Company, a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired

Subject to the terms and conditions and the fulfillment of the conditions precedent (unless being validly waived) as set in the Sale and Purchase Agreement, each of Mr. Ng and Mr. Chiang has conditionally agreed to sell and transfer to the Purchaser, and the Purchaser has conditionally agreed to purchase and be assigned for 2,160 ordinary shares and 1,628 ordinary shares of the Target Company, respectively (being the Sale Shares, representing an aggregate of 37.88% of the issued shares of the Target Company) free from and clear of all encumbrances, together with all existing rights and subsequent rights ancillary to or accompanying the Sale Shares from the Completion Date, including but not limited to, all dividends declared, distributed or paid on or after the Completion Date.

Upon Completion, the Company will be interested in 37.88% issued shares of the Target Company. Therefore, the Target Company will not be treated as a subsidiary of the Company and its results will not be consolidated into the consolidated financial statements of the Company.

Consideration

The Consideration for the Acquisition is HK\$75,000,000 (approximately 57.0% to be paid to Mr. Ng and approximately 43.0% to be paid to Mr. Chiang in accordance with the number of Sale Shares from each of the Vendors) which will be settled by the issue of the Convertible Bond with a principal amount of HK\$75,000,000 at the Conversion Price of HK\$1.5 (subject to adjustment) by the Company to the Vendors on the Completion Date.

Conversion Price of the Convertible Bond

The Conversion Price of HK\$1.5 per Conversion Share represents:

- (a) a premium of approximately 22.0% over the closing price of HK\$1.23 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 21.4% over the average closing price of HK\$1.236 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Convertible Bond carry the right to convert into Conversion Shares at the Conversion Price of HK\$1.5 per Conversion Share (subject to adjustment). Assuming the Conversion Rights are exercise in full at the Conversion Price, 50,000,000 new Shares, being the Conversion Shares will fall to be allotted and issued to the Vendors, representing approximately 19.90% of the issued share capital of the Company as at the date of this announcement and approximately 16.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares (which may fall to be allotted and issued upon the exercise of the Conversion Rights) will be allotted and issued under the General Mandate.

Basis of Consideration and Conversion Price

The Consideration and the Conversion Price were determined after arm's length negotiations between the Company and the Vendors with the reference to (i) the prevailing market price of the Shares and the financial position of the Company; (ii) the reasons for and benefits of the Acquisition as stated under the section headed "REASONS FOR THE ACQUISITION" below; and (iii) a valuation of SHAP of approximately HK\$220,000,000 based on the market approach as at 30 November 2022 prepared by an independent valuer.

Accordingly, the Directors consider that the Consideration and the Conversion Price and the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Principal Terms of the Convertible Bond

Principal terms of the Convertible Bond are arrived at after arm's length negotiations between the Purchaser and the Vendors and are summarised as follows:

Issuer:	the Company
Principal amount:	HK\$75,000,000
Conversion Price:	HK\$1.5 per Conversion Share subject to adjustments in the event of, among others, share consolidation or sub-division, capitalisation of profits or reserves, capital distribution, rights issue or open offer and such other customary events which an independent financial adviser or the auditor of the Company certifies to warrant an adjustment
Interest:	2% per annum
Redemption:	<i>At Maturity</i> all outstanding principal amount of the Convertible Bond which have not been redeemed or converted in accordance with the conditions set out in the instrument by the Maturity Date will be automatically redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Bond, unless the Bondholders request for full conversion of their Convertible Bond
Maturity Date:	the date falling on the day being the third anniversary of the issue date of the Convertible Bond
Conversion Period:	the period commencing from the issue date of the Convertible Bond up to and including the date falling on the seventh day immediately prior to the maturity date

Conversion Rights: Subject to the prior written consent of the Company, each Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in minimum amount of HK\$1,000,000 or an integral multiple thereof) of the outstanding principal amount of the Convertible Bond held by such Bondholder into such number of Shares as will be determined by dividing the principal amount of the Convertible Bond to be converted by the Conversion Price and no fraction of a Share shall be issued on conversion

Conversion Restriction: Conversion shall be subject to the following further conditions:

- (a) any exercise of Conversion Rights shall not trigger any mandatory offer under Rule 26 of the Takeovers Code, and in any event, any exercise of Conversion Rights shall not render Shares held in public hands being less than the minimum public float of the Shares required under the GEM Listing Rules; and
- (b) any exercise of Conversion Rights shall be subject to all applicable legal requirements, rules and regulations, including but not limited to the GEM Listing Rules and the Takeovers Code

Ranking: the Convertible Bond will rank *pari passu* among themselves. The Conversion Shares, when issued, will rank *pari passu* with the Shares then in issue

Transferability: there are no restrictions to the transfer of the Convertible Bond by any holder of the Convertible Bond

Voting rights: the Convertible Bond does not confer any voting rights

Application of Listing

No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bond.

Conditions precedent

Completion shall be conditional upon and subject to the fulfillment (or waiver, as the case may be) of the following conditions precedent:

- (i) the passing of resolutions of the Board approving the Sale and Purchase Agreement and the transactions contemplated thereunder including the issue of the Convertible Bond and allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bond;
- (ii) the Purchaser having informed the Vendors in writing that the Purchaser is satisfied with the results of the due diligence on all aspects of and relating to the Target Company;
- (iii) the Purchaser having received a valuation report issued by a qualified valuer approved by the Purchaser showing the value of SHAP being not less than approximately HK\$220,000,000 based on methodology, assumptions, criteria and other terms as may be accepted by the Purchaser;
- (iv) the Vendors having obtained all licences, permits, certificates, consents, etc. in respect of the Target Company required under the laws or regulations of the Hong Kong and compliance by the Vendors of any applicable laws of Hong Kong including any consent from the relevant authority(ies);
- (v) the Stock Exchange having granted the approval for the listing of and permission to deal in the Conversion Shares to be issued upon conversion of the Convertible Bond; and
- (vi) the representations, warranties and undertakings of the Vendors remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the date of Completion.

The Purchaser may waive any or all of the conditions precedent above except condition (v) at any time by notice in writing to the Vendors. In the event that all the conditions precedent above shall not have been fulfilled or waived on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within five (5) Business Days after the fulfilment or waiver (as the case may be) of the conditions precedent or at such later date as may be agreed between the Vendors and the Purchaser.

INFORMATION OF THE PARTIES

Information of the Purchaser

The Purchaser, a direct wholly-owned subsidiary of the Company, is incorporated in the BVI with limited liability. The Company is principally engaged in the provision of wet trade works services.

Information of the Vendors

The Vendors are the legal and beneficial shareholders of the Target Company, a company incorporated in Hong Kong with limited liability. Mr. Ng has over 20 years' experience in business management in the PRC. Mr. Chiang has over 20 years' experience in finance and real estate related business and culture industry. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendors are Independent Third Parties.

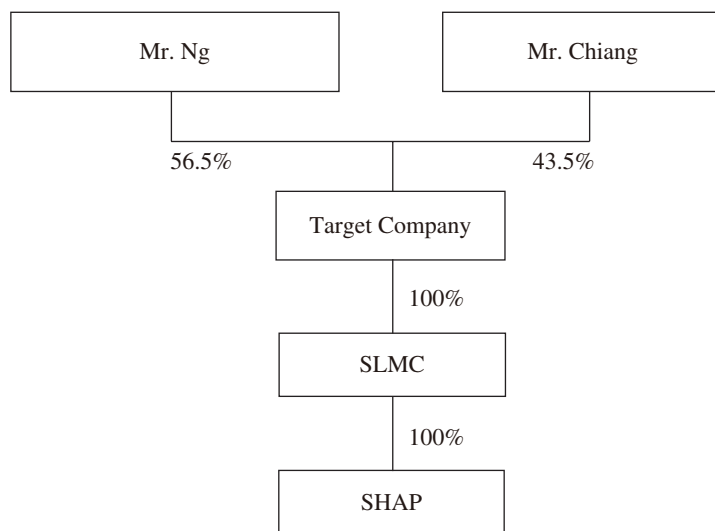
INFORMATION OF THE TARGET GROUP

Information of the Target Company, SLMC and SHAP

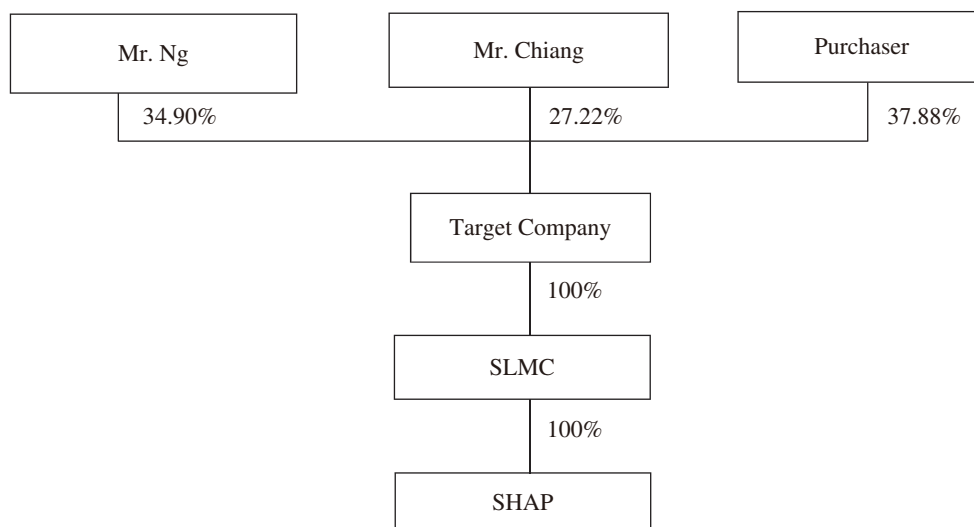
The Target Company and its wholly-owned subsidiary SLMC are principally engaged in investment holding. SLMC holds the entire equity interest of SHAP, being the operating entity of the Target Group, which is principally engaged in the provision of marketing and promotion services of agricultural products in the PRC, mainly focus on the location of Guangxi Province and Yangtze River Delta. For the two years ended 31 December 2020 and 2021, SHAP recorded a loss (before and after taxation) of approximately RMB32,000 and RMB1.0 million, respectively.

Shareholding structure of the Target Group

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



Set out below is the shareholding structure of the Target Group immediately upon Completion:



REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of wet trade works services. As disclosed in the interim report of the Company for the six months ended 30 September 2022, the Group will continue to improve its operating efficiency and profitability of business. The Group will (i) explore other business opportunities and/or expanding the geographical coverage of the principal business of the Group beyond Hong Kong market in order to enhance its future development and to strengthen the revenue bases of the Group; and (ii) proactively seek opportunities to expand its customer base and market share and undertake more wet trades projects which will enhance value to the Shareholders. The Group expects that diversification of business will provide a better return to the Shareholders.

The Acquisition is in line with the Group's strategy of expanding its business operations and it could allow the Group to secure a prime and expand its sales network in the PRC.

The Directors also consider that the issue of the Convertible Bond is an appropriate means for the settlement of the Consideration taking into account that (i) there is no immediate cash outlay for the Group; (ii) there is no immediate dilution effect to the existing Shareholders; and (iii) the interest rate of the Convertible Bond is lower than the best lending rate in Hong Kong and the standard rate of commercial loan in the PRC as stipulated by the People's Bank of China.

Having considered the abovementioned factors, the Directors (including the non-executive Director and the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon the full conversion of the Convertible Bond (assuming there is no other change in the share capital of and shareholding in the Company, from the date of this announcement to Completion) are set out below:

	As at the date of this announcement		Upon full conversion of the Convertible Bond	
	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 1)</i>
Substantial Shareholder				
Land Noble Holdings Limited ("Land Noble") (Note 2)	105,000,000	41.79	105,000,000	34.85
Director				
Mr. Tam Wing Yuen (Note 3)	6,000,000	2.39	6,000,000	1.99
Vendors				
Mr. Ng	–	–	28,500,000	9.46
Mr. Chiang	–	–	21,500,000	7.14
Other public Shareholders	<u>140,280,000</u>	<u>55.82</u>	<u>140,280,000</u>	<u>46.56</u>
Total	<u><u>251,280,000</u></u>	<u><u>100.00</u></u>	<u><u>301,280,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
2. Land Noble is beneficially owned as to 50% by Mr. Tse Chun Yuen (being the chairman of the Board and an executive Director) and 50% by Mr. Tse Chun Kuen (being an executive Director).
3. Mr. Tam Wing Yuen is an executive Director.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company dated 25 July 2022, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the then total number of Shares of the Company in issue as at 25 July 2022, i.e. 50,256,000 Shares. As at the date of this announcement, none of the Shares under the General Mandate have been reserved for utilisation by the Directors. As such, the number of new Shares that could be issued by the Company under the General Mandate is 50,256,000 Shares, which is sufficient for the allotment and issue of the Conversion Shares and no further Shareholders' approval is required accordingly.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of the conditions precedent under the Sale and Purchase Agreement. The Acquisition may or may not complete. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors of the Company;
“Bondholder(s)”	the holder(s) of the Convertible Bond;
“Business Day(s)”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning signal no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open for banking business in Hong Kong;
“BVI”	the British Virgin Islands;
“Company”	Noble Engineering Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the GEM of the Stock Exchange (stock code: 8445);
“Completion”	completion of the Sale and Purchase Agreement;
“Completion Date”	the date on which Completion take place in accordance with the Sale and Purchase Agreement, which is the date within five (5) Business Days after the fulfilment of the conditions precedent under the Sale and Purchase Agreement or such later date as the Purchaser and the Vendors shall agree in writing;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Consideration”	HK\$75,000,000, being the total consideration for the Acquisition;
“Conversion Period”	the period commencing from the issue date of the Convertible Bond up to and including the date falling on the seventh day immediately prior to the maturity date;

“Conversion Price”	the conversion price of HK\$1.5 per Conversion Share;
“Conversion Rights”	the conversion rights attaching to the Convertible Bond to convert the principal amount or a part thereof into Conversion Shares;
“Conversion Share(s)”	the 50,000,000 new Shares which may fall to be allotted and issued to the Vendors at the Conversion Price, credited as fully paid, upon full exercise of the Conversion Rights by the Vendors, for the purpose of settling of the Consideration in the amount HK\$75,000,000;
“Convertible Bond”	the convertible bond in the principal amount of HK\$75,000,000 to be issued by the Company, pursuant to the Sale and Purchase Agreement, for the purpose of settling the Consideration in the amount of HK\$75,000,000;
“Director(s)”	the director(s) of the Company;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the then Shareholders at the annual general meeting of the Company dated 25 July 2022 to allot, issue and otherwise deal with a maximum of 50,256,000 new Shares may be allotted and issued;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	persons(s) or company(ies) together with its/their beneficial owner(s) who or which is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, not connected person(s) to the Company and its associates in accordance with the GEM Listing Rules;

“Last Trading Day”	19 January 2023, being the last trading day prior to this announcement;
“Long Stop Date”	18 July 2023 or such other day as the Vendors and the Purchaser may agree in writing;
“Mr. Chiang”	Chiang Ho Wai;
“Mr. Ng”	Ng Chi Wai;
“PRC”	the People’s Republic of China, and for the purposes of this announcement excluding Hong Kong, the Macau Special Administrative Region, and Taiwan;
“Purchaser”	Noble Crystal (BVI) Limited, a company incorporated in the BVI with limited liability, and is a direct wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 January 2023 entered into between the Purchaser and the Vendors in relation to the Acquisition;
“Sale Shares”	3,788 ordinary shares of the Target Company, representing 37.88% of the issued share capital of the Target Company;
“SFC”	The Securities and Futures Commission;
“SHAP”	Shanghai Hushang Agricultural Products Co., Ltd. (上海滬上農副產品有限公司), a company established in the PRC with limited liability, and is wholly-owned by SLMC as at the date of this announcement;
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“SLMC”	Shanghai Luefei Management Consulting Co., Ltd. (上海略菲管理諮詢有限公司), a company established in the PRC with limited liability, and is wholly-owned by the Target Company as at the date of this announcement;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases published by the SFC from time to time;
“Target Company”	Crystal Strategic Co. Limited (略沁投資諮詢有限公司), a company incorporated in Hong Kong with limited liability, and is owned as to 56.5% by Mr. Ng and 43.5% by Mr. Chiang as at the date of this announcement;
“Target Group”	the Target Company together with its subsidiaries;
“Vendors”	Mr. Ng and Mr. Chiang; and
“%”	per cent.

By Order of the Board
Noble Engineering Group Holdings Limited
Tse Chun Yuen
Chairman and executive Director

Hong Kong, 19 January 2023

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen, Mr. Tse Chun Kuen, Mr. Tam Wing Yuen and Mr. Cao Yaqun, the non-executive Director is Ms. Dang Hongying, and the independent non-executive Directors are Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.nobleengineering.com.hk.