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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Noble Engineering Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

UNAUDITED INTERIM RESULTS

The unaudited consolidated interim results of the Group for the three months and six months ended 30 September 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2023

| | Notes | Three months ended 30 September | | Six months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) |
| Revenue | 4 | 81,628 | 45,242 | 154,643 | 107,739 |
| Direct costs | | <u>(81,154)</u> | <u>(48,823)</u> | <u>(153,517)</u> | <u>(106,829)</u> |
| Gross profit (loss) | | 474 | (3,581) | 1,126 | 910 |
| Other income | 4 | 36 | 17 | 63 | 17 |
| Administrative and other operating expenses | | <u>(2,558)</u> | (2,699) | <u>(5,317)</u> | (5,211) |
| Finance costs | 6(a) | <u>(8)</u> | <u>(1)</u> | <u>(8)</u> | <u>(3)</u> |
| Loss before income tax | 6 | (2,056) | (6,264) | (4,136) | (4,287) |
| Income tax credit (expense) | 7 | <u>7</u> | <u>51</u> | <u>(54)</u> | <u>103</u> |
| Loss and total comprehensive expense for the period attributable to owners of the Company | | <u>(2,049)</u> | <u>(6,213)</u> | <u>(4,190)</u> | <u>(4,184)</u> |
| Loss per share | | | | | |
| Basic and diluted (HK\$) | 8 | <u>(0.008)</u> | <u>(0.025)</u> | <u>(0.016)</u> | <u>(0.018)</u> |

Details of dividends of the Company are set out in note 9.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

| | <i>Notes</i> | As at 30 September 2023 <i>HK\$'000</i> (Unaudited) | As at 31 March 2023 <i>HK\$'000</i> (Audited) |
|---|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 10 | 1,303 | 757 |
| Right-of-use asset | | 511 | 334 |
| Equity investment at fair value through other comprehensive income | | 70 | 70 |
| Deferred tax assets | | 302 | 355 |
| | | 2,186 | 1,516 |
| CURRENT ASSETS | | | |
| Contract assets | | 41,261 | 49,434 |
| Trade and other receivables | 11 | 27,630 | 18,849 |
| Bank and cash balances | | 45,979 | 47,296 |
| | | 114,870 | 115,579 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 21,799 | 25,848 |
| Lease liability | | 303 | 175 |
| | | 22,102 | 26,023 |
| NET CURRENT ASSETS | | 92,768 | 89,556 |
| Total assets less current liabilities | | 94,954 | 91,072 |
| Non-current liability | | | |
| Lease liability | | 211 | 159 |
| NET ASSETS | | 94,743 | 90,913 |
| CAPITAL AND RESERVES | | | |
| Share capital | 13 | 13,819 | 15,564 |
| Reserves | 14 | 80,924 | 78,349 |
| TOTAL EQUITY | | 94,743 | 90,913 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

| | Attributable to equity shareholders of the Company | | | | Total |
|---|--|---------------|---------------|-----------------|---------------|
| | Share | Share | Other | Accumulated | |
| | capital | premium | reserve | losses | |
| | (Note 13) | (Note 14) | (Note 14) | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance at 1 April 2023 | | | | | |
| (Audited) | 12,564 | 76,186 | 10,000 | (7,837) | 90,913 |
| Loss and total comprehensive expense for the period | – | – | – | (4,190) | (4,190) |
| Issue of shares on placement | 1,255 | 6,765 | – | – | 8,020 |
| | <u>12,564</u> | <u>76,186</u> | <u>10,000</u> | <u>(7,837)</u> | <u>90,913</u> |
| Balance at 30 September 2023 | | | | | |
| (Unaudited) | 13,819 | 82,951 | 10,000 | (12,027) | 94,743 |
| | <u>13,819</u> | <u>82,951</u> | <u>10,000</u> | <u>(12,027)</u> | <u>94,743</u> |

For the six months ended 30 September 2022

| | Attributable to equity shareholders of the Company | | | | Total |
|---|--|---------------|---------------|--------------|---------------|
| | Share | Share | Other | Retained | |
| | | | | earnings | |
| | | | | (Accumulated | |
| capital | premium | reserve | losses) | | |
| (Note 13) | (Note 14) | (Note 14) | | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance at 1 April 2022 | | | | | |
| (Audited) | 10,470 | 68,012 | 10,000 | 3,774 | 92,256 |
| Loss and total comprehensive expense for the period | – | – | – | (4,184) | (4,184) |
| Issue of shares on placement | 2,094 | 8,174 | – | – | 10,268 |
| | <u>10,470</u> | <u>68,012</u> | <u>10,000</u> | <u>3,774</u> | <u>92,256</u> |
| Balance at 30 September 2022 | | | | | |
| (Unaudited) | 12,564 | 76,186 | 10,000 | (410) | 98,340 |
| | <u>12,564</u> | <u>76,186</u> | <u>10,000</u> | <u>(410)</u> | <u>98,340</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2023

| | Six months ended 30 September | |
|---|-------------------------------|----------------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Cash used in operations | <u>(8,328)</u> | <u>(17,030)</u> |
| Net cash used in operating activities | <u>(8,328)</u> | <u>(17,030)</u> |
| Cash flows from investing activities | | |
| Purchases of plant and equipment | (972) | – |
| Others | <u>70</u> | <u>15</u> |
| Net cash (used in) generated from investing activities | <u>(902)</u> | <u>15</u> |
| Cash flows from financing activities | | |
| Increase in pledged bank deposits | (56) | (19) |
| Issue of shares on placement | 8,020 | 10,268 |
| Others | <u>(108)</u> | <u>(68)</u> |
| Net cash generated from financing activities | <u>7,856</u> | <u>10,181</u> |
| Net decrease in cash and cash equivalents | <u>(1,374)</u> | <u>(6,834)</u> |
| Cash and cash equivalents at beginning of period | <u>42,028</u> | <u>39,308</u> |
| Cash and cash equivalents at ending of period | <u><u>40,654</u></u> | <u><u>32,474</u></u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is an investment holding company. The Company and its subsidiaries is principally engaged in provision of wet trades works services.

The Company was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the GEM of the Stock Exchange with effect from 29 September 2017.

As at 30 September 2023 and 2022, its immediate and ultimate holding company is Land Noble Holdings Limited (“**Land Noble**”), a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Tse Chun Yuen (“**Mr. Eric Tse**”) and 50% by Mr. Tse Chun Kuen (“**Mr. CK Tse**”).

The addresses of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Room 9, 25/F., CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

These unaudited condensed consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), which is the same as the functional currency of the Company.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost convention, as modified by the revaluation of equity investments at fair value through other comprehensive income which are carried at its fair value.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

The HKICPA has issued a number of new and revised HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income recognised during the respective periods are as follows:

(a) Disaggregation of revenue from contracts with customers

| | Three months ended | | Six months ended | |
|--|--------------------|---------------|------------------|----------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| <i>Geographical markets</i> | | | | |
| Hong Kong | <u>81,628</u> | <u>45,242</u> | <u>154,643</u> | <u>107,739</u> |
| <i>Major services</i> | | | | |
| Provision of wet trades works services | <u>81,628</u> | <u>45,242</u> | <u>154,643</u> | <u>107,739</u> |
| <i>Timing of revenue recognition</i> | | | | |
| Over time | <u>81,628</u> | <u>45,242</u> | <u>154,643</u> | <u>107,739</u> |

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 30 September 2023 and 2022.

| | As at 30 September | |
|--|--------------------|----------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| Remaining performance obligations expected to be satisfied during the years ended/ending: | | |
| 30 September 2023 | – | 93,269 |
| 30 September 2024 | 80,699 | 86,569 |
| 30 September 2025 | <u>70,108</u> | <u>–</u> |
| | <u>150,807</u> | <u>179,838</u> |

| | Three months ended | | Six months ended | |
|----------------------|--------------------|-------------|------------------|-------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Other income | | | | |
| Bank interest income | <u>36</u> | <u>17</u> | <u>63</u> | <u>17</u> |

5 SEGMENT INFORMATION

Operating segment

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

6 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

| | Three months ended | | Six months ended | |
|--|--------------------|-------------|------------------|-------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| (a) Finance costs | | | | |
| Lease interests | <u>8</u> | <u>1</u> | <u>8</u> | <u>3</u> |
| (b) Other items | | | | |
| Depreciation of plant and equipment | 231 | 383 | 426 | 769 |
| Depreciation of right-of-use asset | 76 | 34 | 102 | 67 |
| Wage subsidies from employment support scheme included in direct costs | – | (3,352) | – | (3,352) |
| Lease expenses not included in the measurement of lease liabilities (note) | 48 | 68 | 115 | 135 |
| Lease expenses in respect of machinery and equipment | <u>10</u> | <u>–</u> | <u>10</u> | <u>12</u> |

Note: Included in the amount of lease expenses not included in the measurement of lease liabilities, HK\$57,000 (six months ended 30 September 2022: HK\$57,000) was the rental expense paid to Mr. Eric Tse, Mr. CK Tse and their spouses.

7 INCOME TAX (CREDIT) EXPENSE

| | Three months ended | | Six months ended | |
|---------------------|--------------------|-------------|------------------|-------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Deferred income tax | <u>7</u> | <u>51</u> | <u>(54)</u> | <u>103</u> |

No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profits in Hong Kong for the six months ended 30 September 2023 and 2022.

8 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

| | Three months ended | | Six months ended | |
|---|--------------------|----------------|------------------|----------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Loss for the period attributable to owners of the Company (<i>HK\$'000</i>) | <u>(2,049)</u> | <u>(6,213)</u> | <u>(4,190)</u> | <u>(4,184)</u> |
| Weighted average number of ordinary shares (<i>'000</i>) | <u>265,467</u> | <u>244,837</u> | <u>258,412</u> | <u>227,118</u> |
| Basic and diluted loss per share (<i>HK\$ per share</i>) | <u>(0.008)</u> | <u>(0.025)</u> | <u>(0.016)</u> | <u>(0.018)</u> |

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 September 2023 and 2022.

9 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

10 MOVEMENTS IN PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, the Group acquired items of plant and equipment with a cost of approximately HK\$972,000 (for the six months ended 30 September 2022: nil).

During the six months ended 30 September 2023, the Group entered into a new lease agreement for the use of a warehouse for 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$614,000.

11 TRADE AND OTHER RECEIVABLES

The following is an analysis of trade receivables by age, presented based on the invoice date and net of provision for loss allowance:

| | As at 30 September 2023 <i>HK\$'000</i> (Unaudited) | As at 31 March 2023 <i>HK\$'000</i> (Audited) |
|--|--|---|
| 0–30 days | 16,983 | 10,194 |
| 31–60 days | 3,083 | 1,632 |
| 61–90 days | 706 | – |
| Over 90 days | 402 | 458 |
| | <hr/> | <hr/> |
| Trade receivables, net of provision for loss allowance | 21,174 | 12,284 |
| Other receivables, deposits and prepayments, net of provision for loss allowance | 6,456 | 6,565 |
| | <hr/> | <hr/> |
| | 27,630 | 18,849 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes:

- (a) Whilst the credit period granted to customers are ranging from 17 to 33 days generally.
- (b) Movements in the Group's provision for loss allowance of trade receivables are as follows:

| | As at 30 September 2023 <i>HK\$'000</i> (Unaudited) | As at 31 March 2023 <i>HK\$'000</i> (Audited) |
|--|--|---|
| As at 1 April 2023/2022 | 200 | 227 |
| Decrease in loss allowance for the period/year | – | (27) |
| | <hr/> | <hr/> |
| As at 30 September 2023 and 31 March 2023 | 200 | 200 |
| | <hr/> <hr/> | <hr/> <hr/> |

12 TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date:

| | As at 30 September 2023 HK\$'000 (Unaudited) | As at 31 March 2023 HK\$'000 (Audited) |
|-----------------------------|--|--|
| 0–30 days | 21,480 | 24,488 |
| 31–60 days | – | 63 |
| Total trade payables | 21,480 | 24,551 |
| Accruals and other payables | 319 | 1,297 |
| | 21,799 | 25,848 |

13 SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

| | Number of Shares '000 | Amount HK\$'000 |
|--|-----------------------------|--------------------|
| Authorised: | | |
| Ordinary shares of HK\$0.05 | | |
| At 1 April 2023 | 300,000 | 15,000 |
| Increase (<i>note (i)</i>) | 700,000 | 35,000 |
| At 30 September 2023 | 1,000,000 | 50,000 |
| Issued and fully paid: | | |
| Ordinary shares of HK\$0.05 | | |
| At 1 April 2023 | 251,280 | 12,564 |
| Issuance of shares on placement (<i>note (ii)</i>) | 25,100 | 1,255 |
| At 30 September 2023 | 276,380 | 13,819 |

Notes:

- (i) On 11 August 2023, the Company passed an ordinary resolution to approve the authorised share capital of the Company be increased from HK\$15,000,000 divided into 300,000,000 shares of HK\$0.05 each to HK\$50,000,000 divided into 1,000,000,000 shares by the creation of an additional 700,000,000 shares.
- (ii) On 25 July 2023, the Company and Bloomyears Limited entered into a placing agreement in respect of the placement of 48,500,000 ordinary shares of HK\$0.05 each to independent investors at a price of HK\$0.34 per share. The placement was completed on 10 August 2023, a total of 25,100,000 placing shares have been successfully placed and the premium on the issue of shares, amounting to approximately HK\$8.0 million, net of share issue expenses of approximately HK\$0.5 million, was credited to the Company's share premium account.

14 RESERVES

Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Other reserve

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the corporate reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group performs wet trades works as a subcontractor in Hong Kong.

The shares of the Company (the “**Shares**”) were listed on GEM on 29 September 2017 by way of share offer.

For the six months ended 30 September 2023, the Group recorded a net loss of approximately HK\$4.2 million as compared to approximately HK\$4.2 million for the six months ended 30 September 2022.

OUTLOOK

In Hong Kong, business communities welcome the uplift of COVID-19-related restrictions, awaiting a more dynamic market, the economic benefits of the recent policy shift have not been shown yet and the construction industry remained one of the most challenging industries. In addition, the Board is of the view that due to the relatively high level of competition in the Hong Kong construction industry, the Group’s profit margin for new projects will continue to be under pressure during tendering. Due to the aforesaid situation, there was overall delay in the work status of the Group’s projects on hand and delayed the Group’s cash flows from operation. Although the overall business environment has gradually improved, the Group’s tendering result, were still not satisfying.

The intense market competition may lead to smaller number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group’s gross profit margin is also under pressure from competitive project pricing on tenders and quotations, which in turn affects the financial performance of the Group.

The Group intends to implement a more prudent approach in project selection; that is to say, the Group will selectively place tenders to well-established contractors and well-known business partners to ensure projects on hand remain steady and receivables are sound.

In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that the Group is in a good position to compete with its competitors with its reputation in the wet trades works industry and its experienced management team.

The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades projects which will enhance value to the shareholders.

The Group will continue to improve its operating efficiency and profitability of its business and expand its fleet of machinery and equipment, which will enhance the basis of its technical capability to bid for future projects. The Group will also proactively seek opportunities to expand its customer base and market share and undertake more wet trades projects which will enhance value to the shareholders and stakeholders of the Company.

The Group has been exploring other business opportunities and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong market in order to enhance its future development and to strengthen the revenue bases of the Group. The Group will be ready to dive into any opportunities as they arise or come to its attention. The Group expect that diversification of its business will provide a better return to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2023, the Group's revenue amounted to approximately HK\$154.6 million, which increased by approximately 43.5% as compared to the six months ended 30 September 2022. The increase in revenue was primarily attributable to the increase in amounts of contracts awarded.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 September 2023 amounted to approximately HK\$1.1 million, which increased by approximately 22.2% as compared to a gross profit of approximately HK\$0.9 million for the six months ended 30 September 2022. The gross profit margin for the six months ended 30 September 2023 was approximately 0.7%, compared to the gross profit margin for the six months ended 30 September 2022 of approximately 0.8%. The decrease in gross profit margin was mainly due to (i) competitive project pricing arising from intense market competition; and (ii) the increase in direct costs incurred from (a) unexpected additional subcontracting costs incurred to deal with unexpected changes to the on-site arrangements for certain construction projects of the Group; and (b) the delays in certain projects.

Other income

Other income increased by approximately HK\$46,000 from approximately HK\$17,000 for the six months ended 30 September 2022 to approximately HK\$63,000 for the six months ended 30 September 2023. The increase was mainly due to the increase in bank interest income for the six months ended 30 September 2023.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$0.1 million or 1.9% from approximately HK\$5.2 million for the six months ended 30 September 2022 to approximately HK\$5.3 million for the six months ended 30 September 2023. The increase was mainly due to the increase in staff costs.

Finance costs

Finance costs increased by 166.7% to approximately HK\$8,000 for the six months ended 30 September 2023 from approximately HK\$3,000 for the six months ended 30 September 2022, which was mainly due to the increase in lease interests for the six months ended 30 September 2023.

Loss for the period

For the six months ended 30 September 2023, the Group recorded loss attributed to owners of the Company of approximately HK\$4.2 million as compared to the six months ended 30 September 2022 of approximately HK\$4.2 million.

Interim dividend

The Directors do not recommend the payment of dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

Capital structure

As at 30 September 2023, the total issued share capital of the Company was HK\$13,819,000 (31 March 2023: HK\$12,564,000) divided into 276,380,000 (31 March 2023: 251,280,000) ordinary shares of HK\$0.05 (31 March 2023: HK\$0.05) each.

The share capital of the Company only comprises ordinary shares.

The placing of new shares under general mandate in 2023

In August 2023, the Company raised net proceeds of approximately HK\$8.0 million (the “**Placing Proceeds**”) from its placing of 25,100,000 Shares to not less than six places at the placing price of HK\$0.34 each per placing share under general mandate for the general working capital of the Group.

As at 30 September 2023, all of the Placing Proceeds had been used.

Issue of shares under Rights Issue

As disclosed in the Company's announcement dated 24 March 2021 and the prospectus dated 12 May 2021, the Company proposed to implement a rights issue (the "Rights Issue") on the basis of one (1) rights share for every two (2) consolidated shares held on a record date at a subscription price of HK\$0.215 per rights share.

On 11 June 2021, the Company issued 69,800,000 ordinary shares upon completion of the Rights Issue. Accordingly, the number of shares of the Company increased from 139,600,000 shares to 209,400,000 shares. The gross proceeds from the Rights Issue were approximately HK\$15.0 million. The net proceeds after deducting related expenses of approximately HK\$1.2 million were approximately HK\$13.8 million.

Detailed terms of the Rights Issue and its results were set out in the Company's prospectus dated 12 May 2021 and the results announcement dated 31 May 2021, respectively.

As at 30 September 2023, the actual use of the net proceeds of the Rights Issue are as follows:

| | Planned use of net proceeds as stated in the prospectus dated 12 May 2021 | Actual use of proceeds up to 30 September 2023 | Unutilised net proceeds up to 30 September 2023 |
|---|--|---|--|
| | <i>HK\$ million</i> | <i>HK\$ million</i> | <i>HK\$ million</i> |
| Expansion and development of the existing businesses | 7.2 | 7.2 | – |
| Future investment opportunities | 5.5 | 0.5 | 5.0 |
| General working capital | 1.1 | 1.1 | – |

As at 30 September 2023, approximately HK\$8.8 million out of the net proceeds from the Rights Issue had been used. The remaining unutilised net proceeds as at 30 September 2023 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the prospectus dated 12 May 2021. The remaining unutilised net proceeds are expected to be utilised by 31 December 2023.

Liquidity, financial resource and funding

The Group financed the operations primarily through cash generated from its operating and financing activities. During the six months ended 30 September 2023, the Group did not have any bank borrowings (six months ended 30 September 2022: nil). As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$40.7 million (31 March 2023: HK\$42.0 million) and a pledged bank deposit of approximately HK\$5.3 million (31 March 2023: HK\$5.3 million).

The Group's primary uses of cash and cash equivalents have been and are expected to continue to be operating costs and capital expenditure.

Gearing ratio

The gearing ratio for the Group as at 30 September 2023 was nil (31 March 2023: nil). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

Treasury policy

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures

Save as disclosed in this announcement, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the six months ended 30 September 2023.

Future plans for material investments and capital assets

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of 30 September 2023.

Foreign exchange exposure

Most of the Group's transactions are denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Charge of Group assets

As at 30 September 2023, aside from a pledged bank deposit of approximately HK\$5.3 million (31 March 2023: HK\$5.3 million), no asset of the Group was pledged as security for bank borrowing or any other financing facilities.

Capital expenditure

Total capital expenditure for the six months ended 30 September 2023 was approximately HK\$1.0 million (six months ended 30 September 2022: nil), which was used in the purchases of plant and equipment.

Contingent liabilities

As at 30 September 2023, the Group had no material contingent liabilities.

Capital commitments

As at 30 September 2023, the Group had no material capital commitments.

Segment information

Management considers that the Group had only one operating segment which is provision of wet trade works services.

Information of employees

As at 30 September 2023, the Group had 61 full-time employees working in Hong Kong (30 September 2022: 55). The total staff costs, including Directors' emoluments incurred during the six months ended 30 September 2023 were approximately HK\$11.0 million (six months ended 30 September 2022: HK\$10.0 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Group had no significant events from the end of the reporting period and up to the date of this announcement.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

| Name | Capacity/Nature of interest | Total number of Shares | Percentage of shareholding |
|-----------------------------|---|------------------------|----------------------------|
| Mr. Tse Chun Yuen (Note) | Interest in a controlled corporation; interest held jointly with another person | 105,000,000 | 37.99% |
| Mr. Tse Chun Kuen (Note) | Interest in a controlled corporation; interest held jointly with another person | 105,000,000 | 37.99% |

Note: Land Noble is beneficially owned as to 50% by Mr. Tse Chun Yuen and 50% by Mr. Tse Chun Kuen. On 9 May 2017, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers. By virtue of the SFO, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen are deemed to be interested in the Shares held by Land Noble.

Long position in the ordinary shares of associated corporation – Land Noble

| Name | Name of associated corporation | Capacity/ Nature of interest | Number of share(s) held | Percentage of interest |
|-------------------|--------------------------------|---------------------------------|-------------------------|------------------------|
| Mr. Tse Chun Yuen | Land Noble Holdings Limited | Beneficial owner | 1 | 50% |
| Mr. Tse Chun Kuen | Land Noble Holdings Limited | Beneficial owner | 1 | 50% |

Save as disclosed above, as at 30 September 2023, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Long position in the ordinary shares of the Company

| Name | Capacity/Nature of interest | Number of share(s) held | Percentage of interest in the Company |
|--|------------------------------------|--------------------------------|--|
| Land Noble | Beneficial owner | 105,000,000 | 37.99% |
| Ms. Or So Lan (<i>Note 1</i>) | Interest of spouse | 105,000,000 | 37.99% |
| Ms. Yapp Ngi Yang (<i>Note 2</i>) | Interest of spouse | 105,000,000 | 37.99% |
| Mr. Wang We | Beneficial owner | 20,940,000 | 7.57% |
| Mr. Sun Yiyun | Beneficial owner | 20,940,000 | 7.57% |
| Mr. Tse Man Loong | Beneficial owner | 14,200,000 | 5.13% |

Notes:

1. Ms. Or So Lan is the spouse of Mr. Tse Chun Yuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Yuen is interested in for the purposes of the SFO.
2. Ms. Yapp Ngi Yang is the spouse of Mr. Tse Chun Kuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Kuen is interested in for the purposes of the SFO.

Save as disclosed above, as at 30 September 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “Directors’ and Chief Executive’s Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company remained to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.68 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “**Required Standard of Dealing**”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance during the six months ended 30 September 2023.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or the controlling shareholders of the Company (the “**Controlling Shareholders**”) or their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflict of interests with the Group during the six months ended 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 14 September 2017. No share option has been granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE PRACTICE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules since the Listing Date up to the date of this announcement. During the six months ended 30 September 2023, to the best knowledge of the board of Directors of the Company (the “**Board**”), the Company has complied with the code provisions of the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group’s financial reporting matters to the Board. As at the date of this announcement, the audit committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai, Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated results for the six months ended 30 September 2023, and is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and the interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.nobleengineering.com.hk. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, at any time by writing to the Company.

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

Hong Kong, 10 November 2023

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen and Mr. Tse Chun Kuen; 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 will remain on the website of The Stock Exchange of Hong Kong Limited 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.