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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**  
**LIMITED PARTNERSHIP AGREEMENT**

The Board announces that on 9 September 2022 (after trading hours of the Stock Exchange), San Fong Seng, Partner A, Partner B and Leader Fund, entered into a Limited Partnership Agreement for the formation of the Investment Fund.

Pursuant to the Limited Partnership Agreement, the size of the Investment Fund shall be RMB17.44 million (equivalent to approximately HK\$19.7 million), of which San Fong Seng, Partner A and Partner B, together as Limited Partners, proposed to make capital contribution of RMB10.2 million, RMB5.1 million and RMB2.04 million, respectively (equivalent to approximately HK\$11.5 million, HK\$5.8 million and HK\$2.3 million, respectively) and Leader Fund as, a General Partner, proposed to make capital contribution of RMB100,000 (equivalent to approximately HK\$113,000).

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Limited Partnership Agreement and the transactions contemplated thereunder exceeds 5% and but less than 25%, the entering into of the Limited Partnership Agreement 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 9 September 2022 (after trading hours of the Stock Exchange), San Fong Seng, Partner A, Partner B and Leader Fund, entered into a Limited Partnership Agreement for the formation of the Investment Fund.

Pursuant to the Limited Partnership Agreement, the size of the Investment Fund shall be RMB17.44 million (equivalent to approximately HK\$19.7 million), of which San Fong Seng, Partner A and Partner B, together as Limited Partners, proposed to make capital contribution of RMB10.2 million, RMB5.1 million and RMB2.04 million, respectively (equivalent to approximately HK\$11.5 million, HK\$5.8 million and HK\$2.3 million, respectively) and Leader Fund as, a General Partner, proposed to make capital contribution of RMB100,000 (equivalent to approximately HK\$113,000).

## **THE LIMITED PARTNERSHIP AGREEMENT**

The principal terms of the Limited Partnership Agreement are set out below:

Date: 9 September 2022

Name of the Investment Fund: 珠海橫琴禮達新動能創業投資基金（有限合夥）  
(Zhuhai Hengqin Lida New Growth Venture Capital Fund (Limited Partnership)\*)

Parties: General Partner and Executive Partner:

(i) Leader Fund

Limited Partners:

(i) San Fong Seng

(ii) Partner A

(iii) Partner B

Purpose of the Investment Fund and investment target: The Investment Fund is a project specific fund and the intended target is Nature Home (China) Co., Ltd.\* (大自然家居 (中國) 有限公司) (the “**Target**”). The Investment Fund shall not invest in other target or project without the consent of all Partners. In the event that the investment by the Investment Fund in the Target is materialized, the financial results of the Target will not be consolidated into the financial statements of the Group.

The Target is a company established under the laws of the PRC in 2009 which is principally engaged in the sales of flooring products in the PRC. To the best of the Directors’ knowledge, information and belief, the Target and its ultimate beneficial owners are third parties independent of the Company and its connected persons, as well as the Partners of the Investment Fund.

Term of the Investment Fund: The Investment Fund will have a term of five years from the date of completion of the Capital Commitment, of which the first year from the date of completion of the Capital Commitment is designated as the investment period of the Investment Fund (the “**Investment Period**”), and the next four years following expiry of the Investment Period is designated as the management and exit period of the Investment Fund. The term of the Investment Fund may be extended for one year with the consent of the General Partner.

Committed capital contribution: The total committed capital contribution to the Investment Fund is RMB17.44 million (equivalent to approximately HK\$19.7 million), amongst which the total committed capital agreed to be contributed by each of the Limited Partners and the General Partner is set out as follows:

- (i) as to RMB10.2 million to be contributed by San Fong Seng, representing approximately 58.5% of the total capital of the Investment Fund;
- (ii) as to RMB5.1 million to be contributed by Partner A, representing approximately 29.2% of the total capital of the Investment Fund;

- (iii) as to RMB2.04 million to be contributed by Partner B, representing approximately 11.7% of the total capital of the Investment Fund; and
- (iv) as to RMB100,000 to be contributed by Leader Fund, representing approximately 0.6% of the total capital of the Investment Fund.

The Partners shall settle their respective capital contribution in full to the designated escrow account of the Investment Fund in accordance with the payment notice within one year following the date of the establishment of the Investment Fund. Such payment notice shall be delivered by the Executive Partner to each Partner at least five working days prior to the payment date.

Management of the  
Investment Fund:

Leader Fund, as the Executive Partner, has exclusive power over the management and control of the operation, investment affairs and other matters of the Investment Fund. Leader Fund is also appointed as the fund manager of the Investment Fund to provide investment management services to the Investment Fund (the “**Fund Manager**”).

All investment decisions of the Investment Fund shall be determined by an investment committee comprising three members, nominated by the Fund Manager. All investment decisions shall be approved by two out of three members of the investment committee.

Management fee:

In consideration for the services rendered by the Fund Manager, the Investment Fund shall pay the Fund Manager a management fee in the lump sum amount equal to 2% of the Limited Partner’s actual investment sum out of their paid-in capital contribution of the Investment Fund within five working days upon the completion of the Capital Commitment.

Distribution and loss sharing: After deducting the operating expenses incurred during the term of the Investment Fund, any proceeds available for distribution shall be distributed to the Partners in the following sequence (each in proportion to the paid-in capital contribution of all Partners):

- (i) a distribution equivalent to the paid-in capital contribution of the Partners (i.e. the investment principal) shall be made;
- (ii) a distribution equivalent to a rate of return of 7.0% per annum (simple interest) (i.e. the basic return on investment) on the paid-in capital contribution of the Partners, or a distribution in proportion to the respective basic return on investment of the Partners if the rate of return is less than 7.0% per annum (simple interest) (calculated from the point in time when such capital contribution is paid to the designated escrow account of the Investment Fund and up to the time of distribution). For the avoidance of doubt, upon the occurrence of exit of the Investment Fund as a result of the initial public offering of the shares of the Target, (ii) shall not apply but the below (iii) shall apply; and
- (iii) any residual distributable proceeds (i.e. the return on investment) be distributed among the Partners (in proportion to their respective paid-in capital contribution) and the General Partner in the portion of 80% and 20% respectively.

The Executive Partner shall use its reasonable endeavour to realise the investment of the Investment Fund in cash, but the Executive Partner may, after considering the actual situation, decides that the assets of the Investment Fund shall be distributed in specie.

Loss incurred by the Investment Fund shall be borne by the Partners in proportion to their respective committed capital contributions.

Transferability of interests: Transfer of interests in the Investment Fund by the Limited Partners are subject to prior consent by the Executive Partner, whereas transfer of interests in the Investment Fund by the General Partner shall be approved by the Limited Partners holding at least two-thirds of the paid-in interests of the Investment Fund save for the acquiring of interests in the Investment Fund from any Limited Partners or the transfer of interests in the Investment Fund to its affiliates of such General Partner.

Dissolution and liquidation of the Investment Fund: The Investment Fund shall be dissolved and liquidated upon the occurrence of any of the following events:

- (i) the term of the Investment Fund expires and is not extended;
- (ii) the Investment Fund has completed the exit of all the investment projects;
- (iii) the Executive Partner is removed as a Partner of the Investment Fund and the Investment Fund does not appoint a new executive partner;
- (iv) material breach of the Limited Partnership Agreement by Limited Partner(s) such that the Executive Partner considers that the Investment Fund is unable to continue to subsist;
- (v) the business license of the Investment Fund has been cancelled or revoked, or the Investment Fund is required to be terminated by law;
- (vi) all the Partners agree to dissolve the Investment Fund;
- (vii) the Investment Fund does not complete the private equity fund filing procedures with the Asset Management Association of China and obtain the approval from the same; or
- (viii) other reasons pursuant to the Limited Partnership Agreement or Partnership Law of the PRC.

## **INFORMATION OF THE GROUP, THE INVESTMENT FUND AND THE PARTNERS**

The Group is principally engaged in structural works and fitting out works in Macau and Hong Kong and whose shares are listed on the Main Board of the Stock Exchange.

The Investment Fund is a limited partnership established under the laws of the PRC. The purpose of the Limited Partnership Agreement is to establish the Investment Fund to engage in investment business. As the Investment Fund is yet to be formed, no financial information or past performance of the Investment Fund is available for disclosure in this announcement.

Leader Fund is a company established under the laws of the PRC and is principally engaged in equity investment fund management and advisory services.

San Fong Seng is a limited liability company established under the laws of Macau and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in construction services.

Partner A is an individual investor with investment experiences in various industries.

Partner B is an individual investor with investment experiences in various industries.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Leader Fund, Partner A and Partner B and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO LIMITED PARTNERSHIP AGREEMENT**

The Group explores potential investment opportunities from time to time. The Board is of the view that it is a good opportunity for the Group to engage in investments in the furniture and furnishing sector via the subscription of interests in the Investment Fund. The size of the Investment Fund and the committed capital contribution of each of the Partners were determined after arm's length negotiations among the Partners with reference to the anticipated capital requirements of the Investment Fund and its investment term. The Group intends to finance its committed capital contribution under the Investment Fund by using its internal resources. The Target of the Investment Fund is principally engaged in the sales of flooring products. Such business of the Target forms part of the upstream supply chain of the furniture and furnishing sector, and thus could bring potential synergy to the Group. In particular, the Group is also contemplating potential strategic cooperation opportunities with the Target in relation to fitting out works and structural works projects in the future. As at the date of this announcement, no legally binding agreement has been entered into between the Group and the Target. In addition, the Directors expect that the investments to be carried out by the Investment Fund will bring investment returns and profit to the Group.

The Company is of the view that the transaction contemplated under the Limited Partnership Agreement is conducted on normal commercial terms, and the terms and conditions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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## **DEFINITIONS**

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

“Board”	the board of Directors
“Capital Commitment”	the Limited Partners each having made a paid-in capital contribution of not less than RMB1 million in accordance with the terms of the Limited Partnership Agreement, and such capital contribution having paid to the designated escrow account of the Investment Fund
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company (including its independent non-executive directors)
“Executive Partner”	the executive partner of the Investment Fund, being Leader Fund
“General Partner”	the general partner of the Investment Fund, being Leader Fund
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong



“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Fund”	珠海橫琴禮達新動能創業投資基金（有限合夥）(Zhuhai Hengqin Lida New Growth Venture Capital Fund (Limited Partnership)*), a limited partnership to be established under the laws of PRC pursuant to the Limited Partnership Agreement
“Leader Fund”	Leader Fund (Zhuhai) Equity Investment Management Co., Ltd.* (禮達聯馬（珠海）股權投資管理有限公司), a company established under the laws of the PRC
“Limited Partners”	the limited partners of the Investment Fund, being San Fong Seng, Partner A and Partner B
“Limited Partnership Agreement”	the limited partnership agreement dated 9 September 2022 entered into between the General Partner and the Limited Partners in respect of, among other things, the formation and management of the Investment Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partner A”	Che, Hao Song (謝巧崧)
“Partner B”	Xu Huijuan (徐慧娟)
“Partners”	the General Partner and the Limited Partners
“PRC”	the People’s Republic of China and for the purpose of this announcement shall include Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“San Fong Seng”	San Fong Seng Construction & Engineering Company Limited (新方盛建築工程一人有限公司), a limited liability company established under the laws of Macau and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary shares of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Macau, 9 September 2022

*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*