
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Prospectus Documents or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Noble Engineering Group Holdings Limited (the “Company”), you should at once hand the Prospectus Documents to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the document(s) specified in the paragraph headed “13. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares” in the “Letter from the Board” of this Prospectus.

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

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)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE

Financial adviser to the Company



Placing Agent to the Company



Unless the context requires otherwise, capitalised terms used on this cover have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional document, Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section “Letter from the Board — Conditions of the Rights Issue” of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Friday, 4 June 2021). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 14 May 2021 to Monday, 24 May 2021 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 14 May 2021 to Monday, 24 May 2021 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Thursday, 27 May 2021. The procedure for acceptance and payment or transfer is set out on pages 24 to 25 of this Prospectus.

12 May 2021

CHARACTERISTICS OF GEM

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

| | |
|------------------------------|---|
| “Announcement” | the announcement of the Company dated 24 March 2021 relating to, among other things, the Rights Issue |
| “associate(s)” | has the same meaning ascribed thereto under the GEM Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Company” | Noble Engineering Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on GEM (stock code: 8445) |
| “Compensatory Arrangements” | the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus |
| “connected person(s)” | has the meaning ascribed to it in the GEM Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the GEM Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Existing Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Committee” | has the meaning as defined in the GEM Listing Rules |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |

DEFINITIONS

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|--------------------------------|---|
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and any of its connected persons |
| “Irrevocable Undertaking” | the irrevocable undertaking dated 24 March 2021 executed by Land Noble in favour of the Company, the details of which are set out in subsection headed “The Irrevocable Undertaking” under the section headed “Proposed Rights Issue” |
| “Land Noble” | Land Noble Holdings Limited, a company incorporated in the British Virgin Islands and is 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 the chief executive officer of the Company and an executive Director). Land Noble is a controlling shareholder of the Company |
| “Last Trading Day” | 24 March 2021, being the last trading day of the Existing Shares on the Stock Exchange before the release of the Announcement |
| “Latest Practicable Date” | 6 May 2021, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein |
| “Latest Time for Acceptance” | 4:00 p.m. on Thursday, 27 May 2021 or other time or date as may be agreed in writing between the Company, being the latest time for acceptance of, and payment for, the Rights Shares |
| “Latest Time for Termination” | 4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement |
| “Net Gain” | the aggregate of any premiums (being the aggregate amount paid by the places after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements |

DEFINITIONS

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| “No Action Shareholder(s)” | Qualifying Shareholders (excluding Land Noble) who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed |
| “Non-Qualifying Shareholder(s)” | those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “NQS Unsold Rights Shares” | the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong |
| “PAL(s)” | the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Placing” | the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement |
| “Placing Agent” | Gransing Securities Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |
| “Placing Agreement” | the placing agreement dated 24 March 2021 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares |
| “Placing Period” | the period commencing from the third Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fifth Business day after the Latest Time for Acceptance |

DEFINITIONS

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| “PRC” | the People’s Republic of China which, for the purpose of this Prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region |
| “Prospectus” | this prospectus dated 12 May 2021 to be despatched to the Shareholders containing details of the Rights Issue |
| “Prospectus Documents” | the Prospectus and the PAL |
| “Prospectus Posting Date” | Wednesday, 12 May 2021 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date |
| “Record Date” | Tuesday, 11 May 2021 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue |
| “Registrar” | the branch share registrar and transfer office of the Company in Hong Kong, being Link Market Services (Hong Kong) Pty Limited at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong |
| “Rights Issue” | the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents |
| “Rights Share(s)” | 69,800,000 Shares to be allotted and issued pursuant to the Rights Issue |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.05 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of issued Share(s) |

DEFINITIONS

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|------------------------------|--|
| “Share Consolidation” | consolidation of the issued and unissued Existing Shares on the basis of five (5) Existing Shares of HK\$0.01 each of the Company into one (1) Share of HK0.05 each, which was effective on 30 April 2021 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.215 per Rights Share |
| “substantial shareholder” | has the meaning ascribed to it under the GEM Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time) |
| “Unsubscribed Rights Shares” | the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to Land Noble for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “Irrevocable Undertaking” in this Prospectus |
| “%” | per cent. |

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

| Event | Date and time |
|--|---------------------------------------|
| First day and time of dealings in nil-paid Rights Shares | 9:00 a.m. on Friday, 14 May 2021 |
| Latest time for splitting the PALs | 4:30 p.m. on Tuesday, 18 May 2021 |
| Last day and time of dealings in nil-paid Rights Shares | 4:00 p.m. on Monday, 24 May 2021 |
| Latest time for acceptance of and payment for the Rights Shares. | 4:00 p.m. on Thursday, 27 May 2021 |
| Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements | Monday, 31 May 2021 |
| Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent | Tuesday, 1 June 2021 |
| Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent | 4:00 p.m. on Thursday, 3 June 2021 |
| Latest Time for Termination | 4:00 p.m. on Friday, 4 June 2021 |
| Announcement of the results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements). | Thursday, 10 June 2021 |
| Despatch of share certificates for fully-paid Rights Shares and refund cheques | Friday, 11 June 2021 |

EXPECTED TIMETABLE

| Event | Date and time |
|---|---------------------------------------|
| Commencement of dealings in the fully-paid Rights Shares | 9:00 a.m. on Tuesday, 15 June 2021 |
| Payment of Net Gain to relevant No Action Shareholders (if any) | Tuesday, 22 June 2021 |

Note: All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this Prospectus are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if a typhoon signal No. 8 (or above), “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or a “black” rainstorm warning is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in this section may be affected. Announcement will be made by the Company in such event.

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Tse Chun Yuen
Mr. Tse Chun Kuen
Mr. Harilela Mahesh

Registered office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Mr. U Keng Tin

*Headquarters and principal place of
business in Hong Kong:*

Independent non-executive Directors:

Mr. Wong Yiu Kwong Kenji
Ms. Chung Lai Ling
Mr. Tang Chi Wai

Room 9, 25/F, CRE Centre
889 Cheung Sha Wan Road
Cheung Sha Wan
Kowloon, Hong Kong

12 May 2021

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2021 in relation to, among other things, the Rights Issue.

The purpose of this Prospectus is to provide you with further information of the Rights Issue, the Compensatory Arrangements and certain financial and other information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

The terms of the Rights Issue are set out as follows:

Issue statistics

| | | |
|---|---|--|
| Basis of the Rights Issue | : | one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders at the close of business on the Record Date |
| Subscription Price | : | HK\$0.215 per Rights Share |
| Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) | : | Approximately HK\$0.19 per Rights Share (on the basis that all the Rights Shares will be taken up) |
| Number of Shares in issue as at the Latest Practicable Date | : | 139,600,000 Shares |
| Number of Rights Shares to be issued pursuant to the Rights Issue | : | Up to 69,800,000 Rights Shares (assuming no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) The aggregate nominal value of the Rights Shares will be up to HK\$3,490,000 |
| Total number of Shares in issue upon completion of the Rights Issue | : | Up to 209,400,000 Shares |
| Number of Rights Shares undertaken to be taken up | : | Land Noble has undertaken to take up an aggregate of up to 35,000,000 Rights Shares (representing approximately 50.1% of the total Rights Shares proposed to be provisionally allotted by the Company) |
| Gross proceeds from the Rights Issue | : | Up to approximately HK\$15.0 million before expenses (assuming all the Rights Shares will be taken up) |

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

LETTER FROM THE BOARD

The aggregate 69,800,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 50.0% of the total number of issued Shares as at the Latest Practicable Date; and approximately 33.3% of the total number of issued Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Land Noble for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this Prospectus, will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

The Irrevocable Undertaking

As at the Latest Practicable Date, Land Noble, being a controlling shareholder of the Company, directly holds 70,000,000 Shares (representing approximately 50.1% of the issued share capital of the Company as at the Latest Practicable Date). Land Noble is a company which is 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 the chief executive officer of the Company and an executive Director).

On 24 March 2021, the Company received from Land Noble the Irrevocable Undertaking, pursuant to which Land Noble has irrevocably undertaken to the Company, among other things, (i) shall not sell, transfer or otherwise dispose of the Shares held by it during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive); (ii) shall accept and subscribe, and procure its nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which it is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue

LETTER FROM THE BOARD

provided that the total number of Rights Shares to be subscribed by Land Noble under the Rights Issue will be scaled down to the extent that Land Noble and its associate(s) will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the GEM Listing Rules; and (iii) shall procure its nominee(s) (if applicable) to, lodge the PAL(s) despatched to it together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by Land Noble, as at the Latest Practicable Date, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.215 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.8% to the theoretical closing price of HK\$0.325 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.065 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 35.8% to the theoretical closing price of approximately HK\$0.335 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.067 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day;
- (iii) a discount of approximately 38.6% to the theoretical closing price of HK\$0.350 per Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.070 per Existing Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 25.3% to the theoretical ex-rights price of approximately HK\$0.288 per Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.065 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 11.9%, represented by the theoretical diluted price of approximately HK\$0.295 per Share to the benchmarked price of approximately HK\$0.335 per Share (after taking into

LETTER FROM THE BOARD

account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.065 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.067 per Existing Share);

- (vi) a discount of approximately 74.7% to the unaudited adjusted net asset value per Share (the “**Adjusted NAV Per Share**”) of approximately HK\$0.85 (based on the unaudited net asset of the Company of approximately HK\$114.2 million as at 30 September 2020, as adjusted by the net proceeds of approximately HK\$4.7 million of the placing which was completed on 27 November 2020 and total 139,600,000 issued Shares as at the Latest Practicable Date); and
- (vii) a discount of approximately 25.9% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined with reference to, among other things, (i) the market price of the Existing Shares under the prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus. The Directors note that the Subscription Price represents a discount of approximately 74.7% to the Adjusted NAV Per Share. In view that the Existing Shares were traded at a discount to the respective net asset value per Existing Share for the period from 24 March 2020 up to the Last Trading Day (being around 12 months period prior to the Last Trading Day), ranging from approximately 29.4% to 76.2%, with the average of approximately 59.7%, the Board considers that it would be more appropriate to determine the Subscription Price with reference to the prevailing market prices of the Existing Shares/Shares, which reflect the fair market value of the Existing Shares/Shares traded on the Stock Exchange, instead of making reference to the Adjusted NAV Per Share. The Directors consider that the terms of the Rights Issue, including the Subscription Price which has been set a discount to the recent closing prices of the Share with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s).

The Prospectus (without the PAL) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue has been despatched to the Non-Qualifying Shareholders (if any) for their information only.

Based on the register of members of the Company as at the Latest Practicable Date, there was no Overseas Shareholder.

LETTER FROM THE BOARD

Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. Accordingly, on 24 March 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 4 June 2021, acquires for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares

Date : 24 March 2021 (after trading hours)
Issuer : The Company

LETTER FROM THE BOARD

- Placing Agent : Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.
- The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.
- Placing Period : The period commencing from the third Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance.
- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.
- Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.
- Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

LETTER FROM THE BOARD

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination (or such later date as may be agreed between the parties thereto in writing), all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof prior to such termination).

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. In order to assess the fairness and reasonableness of the terms of the Rights Issue, to the best knowledge, the Board has identified an exhaustive list of 46 rights issue exercises as announced by companies listed on the Stock Exchange (the "Comparables") since 24 March 2020 up to the Last Trading Day (being around 12 months period prior to the Last Trading Day). The Directors noted that the underwriting/placing commission charged by the underwriters/placing agents was between 0% and 5% for the Comparables (the "Market Range") and the placing commission of 5% payable by the Company lies within the Market Range. The Directors, having taken into account the Comparables, consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

LETTER FROM THE BOARD

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole after taking into account the following:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; and (b) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Friday, 11 June 2021 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional or does not proceed, refund cheques in respect of the monies received for the relevant provisional allotments are expected to be posted on or before Friday, 11 June 2021, by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

LETTER FROM THE BOARD

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing of the Rights Shares

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

The nil-paid Rights Shares shall have the same board lot size as the Shares (i.e. 10,000 Shares in one board lot).

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (1) the Share Consolidation having become effective;
- (2) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);

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- (4) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date; and
- (5) compliance with and performance of all undertakings and obligations of Land Noble under the Irrevocable Undertaking in all material respects.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled on or before Friday, 4 June 2021 or such later date as may be considered by the Company, the Rights Issue will not proceed. As at the Latest Practicable Date, the above condition (1) is fulfilled and all the other conditions remain unfulfilled.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of wet trade works services.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses, if fully subscribed, will be up to approximately HK\$13.1 million, which are intended to be applied in following manners:

- (i) approximately HK\$6.5 million for the expansion and development of the existing businesses of the Group;
- (ii) approximately HK\$5.5 million for future investment opportunities as may be identified from time to time; and
- (iii) the remaining balance of approximately HK\$1.1 million for general working capital of the Group.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this point. If the Rights Issue is under-subscribed and the Net Proceeds is HK\$6.5 million or more, but less than HK\$13.1 million, the Company intends to apply such net proceeds in the following order of priority: (i) as to the first HK\$6.5 million will be used for the expansion and development of the existing businesses of the Group; (ii) as to HK\$5.5 million will be used for future investment opportunities as may be identified from time to time; and (iii) as to the remaining net proceeds will be used for the Group's general working capital purpose.

If the Rights Issue is under-subscribed and the net proceeds is less than HK\$6.5 million, all of the net proceeds will be applied towards the expansion and development of the existing businesses of the Group.

In case that none of the Shareholders (other than Land Noble) has taken up any entitled Rights Shares nor any of Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent, the amount of gross proceeds and net proceeds will be approximately HK\$7.5 million and approximately HK\$6.4 million

LETTER FROM THE BOARD

respectively. In such circumstances, since the amount of net proceeds is less than HK\$6.5 million, all of the net proceeds will be applied towards the expansion and development of the existing businesses of the Group.

As disclosed in the interim report of the Company for the six months ended 30 September 2020 (the “**IR Report**”), the Group will continue to improve its operating efficiency and profitability of business. 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. It is the industry norm that the Group will incur upfront expenses (including subcontracting charges, payment for purchase of materials and staff costs) at the early stage of a project before receiving first payment from the customers, due to the fact that there are time lags between making payment to the suppliers and subcontractors of the Group for the projects and receiving progress payment from the customers. During the period from December 2020 to January 2021, the Group has secured three projects (the “**Projects**”): (i) one at Sham Shui Po (the “**Project A**”) with a contract sum of approximately HK\$10.3 million and estimated to be completed in March 2022; (ii) one at Ma On Shan (the “**Project B**”) with contract sum of approximately HK\$20.7 million and estimated to be completed in May 2022; and (iii) one at Wong Tai Sin (the “**Project C**”) with a contract sum of approximately HK\$24.7 million and estimated to be completed in July 2022. With reference to the payment schedules, the net upfront costs of Project A, Project B and Project C are estimated to be approximately HK\$0.7 million, HK\$1.9 million and HK\$3.9 million respectively, and shall be settled during the period between May 2021 to September 2021. The Group intends to apply net proceeds from the Rights Issue of approximately HK\$6.5 million for settling the upfront costs of the Projects.

Due to the prolonged of novel coronavirus (COVID-19), progress of certain construction projects were being delayed. According to the IR Report, the Group recorded a consolidated net loss of approximately HK\$4.5 million for the six months ended 30 September 2020 as compared to a consolidated net loss of approximately HK\$1.5 million of the corresponding period in 2019. Under such challenging circumstances, it is the business strategy of the Group to explore other business opportunities from time to time to diversify its existing business portfolio in order to broaden its source of income and provide a better return to the Shareholders. The Group intends to apply net proceeds from the Rights Issue of approximately HK\$5.5 million for undertaking a potential demolition work (the “**Potential Work**”) under an urban renewal project in Longgang District, Shenzhen, the PRC. Pursuant to the Potential Work, the Group will be responsible for demolishing existing buildings in a community located in Longgang District, Shenzhen, the PRC. The Board has been discussing with the Independent Third Party for the Potential Work since January 2021. It is expected that the Potential Work will be commenced in late May 2021. As at the Latest Practicable Date, such discussion is at a preliminary stage only and no agreement, arrangement or understanding relating to the Potential Work has been entered into by the Group. In the event the Group enters into any agreement or contract regarding any investment and/or acquisition with the aforementioned third party, the Company will make such further announcements as and when appropriate in accordance with the GEM Listing Rules.

LETTER FROM THE BOARD

In order to cope with the Potential Work, related demolition machineries, professional consultants and manpower are required for project execution and project management. As such, the Group intends to apply net proceeds from the Rights Issue of approximately HK\$5.5 million for leasing of relevant machineries, engagement of professional consultant and additional manpower for the Potential Work. The Board considers that the Potential Work will be an opportunity for the Group to expand its geographical coverage beyond the Hong Kong market to the PRC market, which enables the Group to enhance its further development. Demolition is one aspect of the construction industry. The Board is of the view that leverage on diversification of its existing business portfolio into demolition business in the PRC, the Group is able to expand its customer base by broadening its range of construction services being offered. In order to capture the market opportunities and to bring the benefits to the Group, the Board considers that it is essential for the Group to maintain sufficient level of funds to cover the operating cash flow for the Potential Work.

In the event that the Group cannot obtain the Potential Work, the Board intends to utilise this portion of the proceeds for other similar investment opportunities as may be identified from time to time and/or for the expansion and development of the existing businesses of the Group. Save and except for the aforesaid, as at the Latest Practicable Date, the Board has no intention to scale down or introduce any changes to the existing businesses of the Group.

Given the bank and cash balances of the Group as at 30 September 2020 was only approximately HK\$6.9 million and the Group recorded net cash outflow from operating activities of approximately HK\$30.2 million for six months ended 30 September 2020, the Directors consider that it will be beneficial to the Group to have additional working capital for its business operation.

The Board is of the view that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments when suitable opportunities arise. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Board has considered other alternative means of fund raising before resolving to the Rights Issue, including but not limited to bank borrowings and issue of new shares. The Board considers that bank borrowings would result in additional interest burden and higher gearing ratio of the Group which is not beneficial to the Group and the Rights Issue is more prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board considers that equity financing methods such as placing or subscription of new shares is not a better alternative. The Company has conducted placing of new Existing Shares on 12 November 2020 and such placing was completed on 27 November 2020. The

LETTER FROM THE BOARD

Company has utilised approximately 81.7% of the entire general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 7 August 2020 to allot and issue new Existing Shares. If the Company conducts further placing of new Shares, in order to raise the net proceeds of approximately HK\$13.1 million, the Company will need to obtain Shareholders' approval for the refreshment of general mandate limit at an extraordinary general meeting of the Company or conduct further placing of new Shares by way of specific mandate.

In view of the above, the Board considers that raising funds by way of the Rights Issue is more cost effective, efficient and beneficial to the Company and the Shareholders as a whole as compared to raising fund by other means.

Other than the Rights Issue, as at the Latest Practicable Date, the Company did not have any concrete plan to conduct any fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date and the effect on the shareholding structure of the Company upon completion of the Rights Issue (assuming there is no change in number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue):

| | As at the Latest Practicable Date | | Assuming all Shareholders take up their respective allotment of Rights Shares in full | | Immediately after completion of the Rights Issue | | | |
|-----------------------------|-----------------------------------|---------------|---|------------|---|---------------|--|---------------|
| | No. of Shares | Approx. | No. of Shares | Approx. | Assuming none of the Shareholders (other than Land Noble) has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent | | Assuming none of the Shareholders (other than Land Noble) has taken up any entitled Rights Shares nor any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent | |
| | | % | | % | No. of Shares | Approx. | No. of Shares | Approx. |
| | | (Note 1) | | (Note 1) | | (Note 1) | | (Note 1) |
| Land Noble (Note 2) | 70,000,000 | 50.1 | 105,000,000 | 50.1 | 105,000,000 | 50.1 | 105,000,000 | 60.1 |
| Independent places (Note 3) | — | — | — | — | 34,800,000 | 16.6 | — | — |
| Other public Shareholders | 69,600,000 | 49.9 | 104,400,000 | 49.9 | 69,600,000 | 33.3 | 69,600,000 | 39.9 |
| Total | 139,600,000 | 100.00 | 209,400,000 | 100 | 209,400,000 | 100.00 | 174,600,000 | 100.00 |

Notes:

- (1) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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- (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 the chief executive officer of the Company and an executive Director).
- (3) The independent placees are professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated under the Placing Agreement.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

| Date of announcement | Fund raising activity | Net proceeds raised | Intended use of proceed | Actual use of proceeds |
|----------------------|--|--------------------------------|--|--|
| 12 November 2020 | Placing of new Existing Shares under general mandate | Approximately HK\$4.73 million | For general working capital of the Group | For general working capital of the Group |

Save as disclosed above, the Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Risk Factors

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which includes, but is not limited to, the following:

- (a) The Group normally receive progress payment from the customers. Progress payment is generally made monthly by reference to the progress of works performed during the month. There is no assurance that progress payment will always be certified and paid to us in full, or the retention money will be paid by the customers in full. Partial payment or failure by the customers to make remittance at all as a result of disputes over the works performed may have an adverse effect on liquidity position of the Group.
- (b) The Group subcontracts substantial part of its works to other subcontractors. There is no assurance that the Group is able to monitor the performance of these subcontractors as directly and efficiently as with the staff of the Group. In addition, the Group's inability to hire qualified subcontractors could hinder its ability to complete a project within the prescribed deadline.
- (c) The customers normally require the Group to complete the works within a specified period of time or in accordance with their project schedule. If the Group fails to do so, the Group may be liable to compensate our customers at a specified rate on a daily basis unless an extension of time is agreed with the customers. Any failure in the completion of a project, whether or not caused by the Group, could harm the reputation of the Group in the industry and hinder its ability to win future business.

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WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (which is expected to be at 4:00 p.m. on Friday, 4 June 2021) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong, by not later than 4:00 p.m. on Thursday, 27 May 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “NOBLE ENGINEERING GROUP HOLDINGS LIMITED” and crossed “ACCOUNT PAYEE ONLY”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Thursday, 27 May 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for

LETTER FROM THE BOARD

cancellation by not later than 4:30 p.m. on Tuesday, 18 May 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 11 June 2021.

No receipt will be issued in respect of any application monies received

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this Prospectus.

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

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2020 were disclosed in the annual reports of the Company for the years ended 31 March 2018 (pages 48 to 95), 2019 (pages 54 to 123) and 2020 (pages 57 to 123) and in the interim report of the Company for the six months ended 30 September 2020 (pages 6 to 21) respectively. The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.nobleengineering.com.hk). Please refer to the hyperlinks as stated below:

2018 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0629/gln20180629293.pdf>

2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628403.pdf>

2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062901645.pdf>

2020 interim report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/1113/2020111300524.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 6 May 2021, being the latest practicable date prior to the printing of this prospectus and for the purpose of ascertaining the information contained in this statement of indebtedness, the Group had outstanding indebtedness as follows:

In accordance with requirements of HKFRS 16 “Leases”, leases have been recognised in the form of an asset (for the right-of-use assets) and a financial liability (for the payment obligations) in the Group’s consolidated statement of financial position. As at 31 March 2021, the Group had lease liabilities of approximately HK\$271,000 relating to premises leased by the Group as lessee.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2021.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

Save for the information disclosed in the profit warning announcements of the Company dated 30 July 2020 and 2 November 2020, as at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial position or trading position of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group recorded net current assets of approximately HK\$108.0 million as at 30 September 2020. For the year ended 31 March 2020, the Group recorded a turnover and net loss of approximately HK\$223.1 million and HK\$9.6 million respectively.

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

In light of the development in the wet trades industry, the Group intends to implement a more prudent approach in project selection in the upcoming year. 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.

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 may consider 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 Board believes that it would be worth exploring so that the Group will be ready to dive into any opportunities as they arise or come to our attention. The Board expect that diversification of our business will provide a better return to the shareholders of the Company.

The Board believes the Group's business strategy and industry expertise could generate and contribute greater value to Company shareholders and investors.

**A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS**

The statement of unaudited pro forma adjusted consolidated net tangible assets of Noble Engineering Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the consolidation of every five (5) issued and unissued existing shares of par value HK\$0.01 each into one (1) consolidated share of par value of HK\$0.05 each (the “**Share Consolidation**”) and the proposed rights issue on the basis of one (1) rights share for every two (2) consolidated shares held on the record date at the subscription price of HK\$0.215 per rights share (the “**Rights Issue**”) on the consolidated net tangible assets of the Group as if the Share Consolidation and the Rights Issue had taken place on 30 September 2020.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2020, adjusted as described below:

| Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2020 <i>(Note 1)</i> <i>HK\$'000</i> | Net proceeds from the placing <i>(Note 2)</i> <i>HK\$'000</i> | Estimated net proceeds from the Rights Issue <i>(Note 3)</i> <i>HK\$'000</i> | Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2020 <i>HK\$'000</i> |
|---|---|---|---|
| 114,242 | 4,730 | 13,100 | 132,072 |
| Unaudited consolidated net tangible assets per existing share before completion of placing, implementation of the Share Consolidation and completion of the Rights Issue <i>(Note 4)</i> | | | <u>HK\$0.19</u> |
| Unaudited consolidated net tangible assets per existing share immediately after completion of the placing, but before implementation of the Share Consolidation and completion of the Rights Issue <i>(Note 5)</i> | | | <u>HK\$0.17</u> |
| Unaudited pro forma adjusted consolidated net tangible assets per consolidated share immediately after completion of the Rights Issue <i>(Note 6)</i> | | | <u>HK\$0.63</u> |

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2020 are based on the consolidated net tangible assets in the unaudited consolidated statement of financial position of the Group as at 30 September 2020.
2. The net proceeds from the placing are based on 98,000,000 placing shares at the placing price of HK\$0.05 per placing share, after deducting related expenses directly attributable to the placing of approximately HK\$170,000.
3. The estimated net proceeds from the Rights Issue are based on 69,800,000 rights shares at the Subscription Price of HK\$0.215 per rights share, after deducting estimated related expenses directly attributable to the Rights Issue of approximately HK\$1,907,000.

4. Based on 600,000,000 existing shares in issue as at 30 September 2020 before completion of placing, implementation of the Share Consolidation and completion of the Rights Issue.
5. Based on 698,000,000 existing shares immediately after completion of the placing, but before implementation of the Share Consolidation and completion of the Rights Issue, assuming that the placing had been completed on 30 September 2020.
6. Based on 209,400,000 consolidated shares, on which 139,600,000 consolidated shares and 69,800,000 rights shares were in issue as at 30 September 2020, assuming that the Share Consolidation and Rights Issue had been completed on 30 September 2020.
7. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



12 May 2021

The Board of Directors
Noble Engineering Group Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Noble Engineering Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 September 2020 as set out on pages II-2 to II-3 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page II-1.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 30 September 2020 as if the transaction had been taken place at 30 September 2020. As part of this process, information about the Group’s net tangible assets has been extracted by the directors from the Group’s consolidated financial statements as included in the interim report for the six months ended 30 September 2020, on which no audit or review report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the

compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS" set out on page 19 of the investment circular.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming the Rights Issue becoming unconditional) was and will be as follows:

(i) As at the Latest Practicable Date

| | | |
|-------------------------------|-------------------------|----------------------|
| <i>Authorised:</i> | | <i>HK\$</i> |
| <u>300,000,000</u> | Shares of HK\$0.05 each | <u>15,000,000.00</u> |
| <i>Issued and fully paid:</i> | | |
| <u>139,600,000</u> | Shares of HK\$0.05 each | <u>6,980,000.00</u> |

(ii) Immediately upon completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to completion of the Rights Issue and full acceptance by the Qualifying Shareholders)

| | | |
|-------------------------------|---|----------------------|
| <i>Authorised:</i> | | <i>HK\$</i> |
| <u>300,000,000</u> | Shares of HK\$0.05 each | <u>15,000,000.00</u> |
| <i>Issued and fully paid:</i> | | |
| 139,600,000 | Shares of HK\$0.05 each | 6,980,000.00 |
| <u>69,800,000</u> | Rights Shares to be allotted and issued under the Rights Issue | <u>3,490,000.00</u> |
| <u>209,400,000</u> | Shares in issue immediately upon completion of the Rights Issue | <u>10,470,000.00</u> |

- (iii) Immediately after completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to completion of the Rights Issue and nil acceptance by the Qualifying Shareholders nor any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent, except for Irrevocable Undertaking):

| <i>Authorised:</i> | | <i>HK\$</i> |
|-------------------------------|---|----------------------|
| <u>300,000,000</u> | Shares of HK\$0.05 each | <u>15,000,000.00</u> |
| <i>Issued and fully paid:</i> | | |
| 139,600,000 | Shares of HK\$0.05 each | 6,980,000.00 |
| 35,000,000 | Rights Shares to be allotted and issued pursuant to Irrevocable Undertaking | 1,750,000.00 |
| <u>—</u> | Rights Shares to be allotted and issued under the Rights Issue | <u>—</u> |
| <u>174,600,000</u> | Shares in issue immediately upon completion of the Rights Issue | <u>8,730,000.00</u> |

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares are or will be listed on the Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors or chief executive of the Company and/or any of their respective associates had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required 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 (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Long position in ordinary shares of the Company

| Name of Director | Capacity | Total number of Shares held | Approximate percentage of total number of issued Shares of the Company |
|-----------------------------|---|-----------------------------|--|
| Mr. Tse Chun Yuen (Note) | Interest in a controlled corporation; interest held jointly with another person | 70,000,000 | 50.1% |
| Mr. Tse Chun Kuen (Note) | Interest in a controlled corporation; interest held jointly with another person | 70,000,000 | 50.1% |

Note:

These Shares are held by Land Noble which is beneficially owned as to 50% by Mr. Tse Chun Yuen and 50% by Mr. Tse Chun Kuen. 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. Both Mr. Tse Chun Yuen and Mr. Tse Chun Kuen are the directors of Land Noble.

(b) Interests of substantial Shareholders and other person

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, no person (other than a Director or chief executive of the Company), had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO, who were, directly or indirectly, interested in 10%

or more of the number of any class of share carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

| Name of Substantial Shareholders | Capacity | Total number of Shares held | Approximate percentage of total number of issued Shares of the Company |
|-------------------------------------|--------------------|-----------------------------|--|
| Land Noble (<i>Note 1</i>) | Beneficial owner | 70,000,000 | 50.1% |
| Ms. Or So Lan (<i>Note 2</i>) | Interest of spouse | 70,000,000 | 50.1% |
| Ms. Yapp Ngi Yang (<i>Note 3</i>) | Interest of spouse | 70,000,000 | 50.1% |

Notes:

1. Land Noble is beneficially owned as to 50% by Mr. Tse Chun Yuen and 50% by Mr. Tse Chun Kuen.
2. 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.
3. 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.

4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020 (being the date to which the latest published audited accounts of the Group were made up); and
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or was proposing to enter into any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed pursuant to the GEM Listing Rules.

8. MATERIAL CONTRACTS

The following contracts (being contracts not enter into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date which are or may be material:

- (a) the placing agreement dated 12 November 2020 entered between the Company and Wellington Financial Limited (as placing agent) in relation to the placing of 98,000,000 new ordinary shares at the placing price of HK\$0.05 per placing share; and
- (b) the Placing Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this Prospectus:

| Name | Qualification |
|--|------------------------------|
| Zhonghui Anda CPA Limited (“Zhonghui”) | Certified Public Accountants |

Zhoughui has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and/or report and references to its name in the form and context in which it appears. Zhoughui confirmed that as at the Latest Practicable Date:

- (i) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and

- (ii) it was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (if any), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.9 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

Executive Directors

Tse Chun Yuen
Tse Chun Kuen
Harilela Mahesh

Non-executive Director

U Keng Tin

Independent non-executive Directors

Wong Yiu Kwong Kenji
Chung Lai Ling
Tang Chi Wai

Audit Committee

Tang Chi Wai (*Chairman*)
Chung Lai Ling
Wong Yiu Kwong Kenji

Nomination Committee

Tse Chun Yuen (*Chairman*)
Wong Yiu Kwong Kenji
Chung Lai Ling

Remuneration Committee

Chung Lai Ling (*Chairman*)
Tse Chun Kuen
Tang Chi Wai

Registered office

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

| | |
|--|--|
| Principal place of business in Hong Kong | Room 9, 25/F, CRE Centre 889 Cheung Sha Wan Road Cheung Sha Wan Kowloon, Hong Kong |
| Authorised representatives | Tse Chun Yuen Tsoi Chi Hei |
| Compliance officer | Tse Chun Yuen |
| Company secretary | Tsoi Chi Hei |
| Principal share registrar and transfer office in the Cayman Islands | Ocorian Trust (Cayman) Limited (formerly known as Estera Trust (Cayman) Limited) Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands |
| Branch share registrar and transfer office in Hong Kong | Link Market Services (Hong Kong) Pty Limited Suite 1601, 16/F, Central Tower 28 Queen's Road Central Hong Kong |
| Principal banker | DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Central, Hong Kong |
| Reporting accountants | Zhonghui Anda CPA Limited Unit 701, Citicorp Centre 18 Whitfield Road Causeway Bay Hong Kong |
| Legal adviser to the Company as to Hong Kong laws in relation to the Rights Issue | <i>As to Hong Kong law</i> ZM Lawyers 20/F, Central 88 Nos. 88–98 Des Voeux Road Central Hong Kong |

| | |
|---|--|
| Financial adviser to the Company | Akron Corporate Finance Limited Room 811–812, China United Centre 28 Marble Road, North Point Hong Kong |
| Placing agent to the Company | Gransing Securities Co., Limited Unit 2508, 25/F., Cosco Tower 183 Queen’s Road Central, Hong Kong |

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

(a) Profiles of the Directors and senior management

Executive Directors

Mr. Tse Chun Yuen (“**Mr. Eric Tse**”) aged 71, is the chairman of the Board, an executive Director, compliance officer and one of the controlling shareholders. He was appointed as a Director on 12 April 2017 and redesignated as an executive Director and appointed as the chairman of the Board on 14 September 2017. Mr. Eric Tse is the co-founder of Eric Tse Cement Works Company Limited (“**Eric Tse Cement Works**”), a principal operating and wholly owned subsidiary of the Company, and has been a director of that company since 9 October 1997. He is also the chairman of the nomination committee of the Company (the “**Nomination Committee**”). Mr. Eric Tse is responsible for the overall strategic planning, business development, and corporate management, sales and marketing and quality control of our Group. Mr. Eric Tse is a director of Land Noble Holdings Limited, a controlling shareholder of the Company.

Mr. Eric Tse has over 37 years of experience in the wet trades industry. Mr. Eric Tse obtained a plasterer trade certificate, tiler trade certificate and bricklayer trade certificate in 1996 from the Construction Industry Training Authority.

Mr. Eric Tse is the founding president of Hong Kong Construction Sub-Contractors Association Limited (香港建造業分包商聯會有限公司) and had acted as the president of the association until he retired in 2011. Mr. Eric Tse was named permanent honorary president of Hong Kong Construction Sub-Contractors Association Limited in 2011. Mr. Tse was a course instructor of bricklaying, plastering and tiling course organised by Construction Industry Training Authority from 1977 to 1978. Mr. Eric Tse has been the president of Association of Plastering Sub-Contractors Limited (泥水商協會有限公司) since 1997 and has held the role of founding president since 2015.

Mr. Eric Tse is the elder brother of Mr. Tse Chun Kuen.

Mr. Tse Chun Kuen (“**Mr. CK Tse**”), aged 69, is an executive Director, chief executive officer, a member of the remuneration committee of the Company (the “**Remuneration Committee**”) and one of the controlling shareholders. He was

appointed as a Director on 12 April 2017 and redesignated as an executive Director of our Company on 14 September 2017. Mr. CK Tse is the co-founder of Eric Tse Cement Works and has been a director of that company since 9 October 1997. Mr. CK Tse is responsible for formulating corporate and business strategies and making major operation decisions of our Group. Mr. CK Tse is a director of Land Noble Holdings Limited, a controlling shareholder of the Company.

Mr. CK Tse has over 37 years of experience in wet trades industry. Mr. CK Tse obtained the tiler trade certificate (鋪瓦工技能證書) granted by Construction Industry Training Authority (建造業訓練局) and Vocational Training Council Hong Kong (香港職業訓練局) in May 1999.

Mr. CK Tse is the younger brother of Mr. Eric Tse.

Mr. Harilela Mahesh (“**Mr. Harilela**”), aged 56, has over 30 years of experience in the trading, brand development and corporate management. Mr. Harilela has been the chairman and chief executive officer of M. Harilela Global Investments Ltd. which specializes in financial investments advisory since 2002. He is also presently a director of a manufacturer and distributor of air conditioning and drinking water systems, Disruptive Thermodynamics Pte. Ltd, in Singapore since 2016, a strategic development specialist Asia of a communication platform, NYNJA. Work, since 2018 and the chairman of a blockchain-enabled fractional property investment group, LABS Group, in Hong Kong since 2019.

Mr. Harilela has been appointed as the Commercial Liaison for Honorary Vice Consul for The Republic of Maldives in Hong Kong in 1998 and the Chairman for King George V School’s Strategic Development Committee in 2010.

Non-executive Director

U Keng Tin, aged 70, has over 30 years of experience in the securities industry. He is presently a director of an estate management company, Full Fill Services Co., Limited and a director of a brokerage house, Bloomyears Limited. He has been an independent non-executive director of China Ever Grand Financial Leasing Group Co., Ltd, the shares of which are listed on the Main Board (stock code: 379) since May 2013.

He obtained the Bachelor’s degree of Arts from York University, Canada in 1980, and the Master’s degree of Arts in International Economics from University of San Francisco, USA in 1981.

Independent non-executive Directors

Mr. Wong Yiu Kwong Kenji (“**Mr. Wong**”), aged 40, was appointed as our independent non-executive Director on 11 September 2017. He is a member of the audit committee of the Company (the “**Audit Committee**”) and the Nomination

Committee. He is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Wong has extensive experience in business management and operation supervision. Mr. Wong has been employed by Champway Technology Ltd. since November 2005 and became its operation director since January 2013. Mr. Wong was a technical manager in Champway Technology Ltd. from November 2005 to December 2012 where he was in charge of various projects. Mr. Wong oversaw the daily operation, quality control and research development of a biodiesel pilot plant from 2006 to 2008. Mr. Wong was in charge of designing an industrial scale biodiesel refinery plant from 2008 to 2010 and he was responsible for sourcing equipment, coordinating with contractors, vendors and consultants. Furthermore, in the period of 2010 to 2012, Mr. Wong was in charge of leading the production team in carrying out testing and commissioning of the biodiesel plant and the daily production operation after finishing the testing and commissioning and was responsible for maintaining production related licenses. In his current position as the operation director, Mr. Wong is responsible for overseeing the daily operation, fleet supervision, local biodiesel promotion and liaison with government bodies and other external communications. Also, Mr. Wong is currently the sole director of Fai Yeung Trading Company Limited.

Mr. Wong graduated from The Chinese University of Hong Kong with a bachelor of science degree in May 2003 and was placed on the Dean's List for the academic year 2002/2003. He then obtained a master of philosophy degree in December 2005. Mr. Wong also obtained a Certificate of Competence in Safety Management of Dangerous Substances from the Occupational Safety & Health Council in March 2006.

Ms. Chung Lai Ling (“**Ms. Chung**”), aged 59, was appointed as our independent non-executive Director on 11 September 2017. She is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. She is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group. Ms. Chung worked as an administration officer at Maunsell Consultants Asia Limited. (currently known as AECOM Asia Company Limited) from April 2001 to June 2006. Ms. Chung worked in Care & Health Limited, a subsidiary of Hanison Construction Holdings Limited (Stock code: 896, the shares of which are listed on the main board of the Stock Exchange) in its health care business over 10 years from July 2006 to February 2017, with the last position as director.

Ms. Chung obtained a bachelor of arts degree from York University in Canada in June 1987.

Mr. Tang Chi Wai (“**Mr. Tang**”), aged 47, was appointed as our independent non-executive Director on 11 September 2017. He is chairman of the Audit Committee and a member of the Remuneration Committee. He is responsible for providing independent judgement and advising on the issues of strategy, performance, resources and standard of conduct of the Group.

Mr. Tang has over 20 years of experience in auditing and accounting. Mr. Tang has been serving as a financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited (stock code: 1026, the shares of which are listed on the main board of the Stock Exchange) since June 2008. Mr. Tang has been responsible for financial and accounting functions as well as secretarial and compliance related matters of the aforesaid company.

Mr. Tang has been an independent non-executive director of (1) Century Group International Holdings Limited (formerly known as Cherish Holdings Limited) (stock code: 2113, the shares of which are listed on the main board of the Stock Exchange) since September 2016, (2) Xin Point Holdings Limited (stock code: 1571, the shares of which are listed on the main board of the Stock Exchange) since June 2017 and (3) ISP Global Limited (stock code: 8487, the shares of which are listed on GEM) since December 2017.

Mr. Tang was appointed as the honorary president of North Kwai Chung District Scout Council of Scout Association of Hong Kong in June 2019.

Mr. Tang graduated from The Hong Kong Polytechnic University with a bachelor of arts (honours) degree in accountancy in November 1996. He has been a practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since April 2001 and a Certified Internal Auditor of the Institute of Internal Auditors since November 2015. Mr. Tang has also been a holder of the Practitioner’s Endorsement from The Hong Kong Institute of Chartered Secretaries since August 2015.

Company Secretary

Mr. Tsoi Chi Hei (“**Mr. Tsoi**”), aged 33. He is responsible for the overall company secretarial matters of our Group.

Mr. Tsoi has over 10 years of experience in auditing, accounting and financial management. Mr. Tsoi worked in Shinewing (HK) CPA Limited from July 2012 to December 2014, his last position was a senior accountant II. He then worked in KPMG China from December 2014 to January 2017, his last position was an audit manager.

Mr. Tsoi obtained a bachelor’s degree of accountancy from The Hong Kong Polytechnic University in November 2010. He was admitted as a member of The Hong Kong Institute of Certified Public Accountants in March 2014. He has been a practising Certified Public Accountant of the HKICPA since March 2018.

(b) Business address of the Directors, the senior management and authorised representatives

The business address of the Directors, the senior management and authorised representatives is the same as the Company's head office and principal place of business in Hong Kong located at Room 9, 25/F, CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed "9. Expert and Consent" in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

15. AUDIT COMMITTEE

As at the Latest Practicable Date, the Audit Committee comprised three independent non-executive Directors, namely, Mr. Tang Chi Wai, Ms. Chung Lai Ling and Mr. Wong Yiu Kwong Kenji. The Audit Committee is chaired by Mr. Tang Chi Wai. The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 9, 25/F, CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong during normal business hours on any Business Day during the period of 14 days from the date of this Prospectus:

- (a) the memorandum of association and articles of association of the Company;

- (b) the annual reports of the Company for the years ended 31 March 2018, 2019 and 2020 respectively;
- (c) the interim report of the Company for six months ended 30 September 2020;
- (d) the material contracts disclosed in the paragraph under the heading “8. Material Contracts” in this Appendix to this Prospectus;
- (e) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus;
- (f) the written consent of the expert referred to in the section headed “9. Expert and Consent” in this Appendix; and
- (g) the Prospectus Documents.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The English text of this Prospectus shall prevail over their respective Chinese text for the purpose of interpretation.
- (c) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.