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NOBLE ENGINEERING GROUP HOLDINGS LIMITED

怡康泰工程集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



Bloomyears Limited

THE PLACING

On 2 June 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, Places to subscribe for the Convertible Bonds in the aggregate principal amount of up to approximately HK\$65.0 million at the initial Conversion Price of HK\$1.34 per Conversion Share.

Assuming the Conversion Rights are exercised in full at the initial Conversion Price of HK\$1.34 per Conversion Share, a total of 48,500,000 Conversion Shares will be allotted and issued, which represent (i) 19.30% of the issued Shares as at the date of this announcement; and (ii) approximately 16.17% of the issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds). The aggregate nominal value of the Conversion Shares under the Placing is HK\$2,425,000.

The gross proceeds from the Placing will be up to approximately HK\$65.0 million. The net proceeds from the Placing (after deducting the placing commission and other expenses) will be approximately HK\$63.8 million which will be used as to (i) approximately HK\$50.8 million (representing approximately 79.6% of the net proceeds from the Placing) for the up-front cost of four newly awarded wet-trade works projects of the Group; and (ii) approximately HK\$13.0 million (representing approximately 20.4% of the net proceeds from the Placing) for general working capital of the Group.

The Conversion Shares, upon conversion of the Convertible Bonds, will be allotted and issued under the General Mandate. The allotment and issue of the Conversion Shares are not subject to Shareholders' approval.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 2 June 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, Placees to subscribe for the Convertible Bonds in the aggregate principal amount of up to approximately HK\$65.0 million at the initial Conversion Price of HK\$1.34 per Conversion Share.

THE PLACING AGREEMENT

Date: 2 June 2023 (after trading hours of the Stock Exchange)

Parties: (i) The Company, as the issuer; and
(ii) Bloomyears Limited, as the Placing Agent.

(each a “**Party**” and collectively, the “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Conditions Precedent

Completion of the Placing is conditional upon:

- (i) the Company having obtained all necessary consents and approvals in respect of the Placing;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) the Placing Agent having successfully procured Placee(s), and the Stock Exchange having no objection to such Placee(s);

- (iv) the Placee(s) having successfully subscribed for the Convertible Bonds in principal amount of not less than HK\$500,000;
- (v) save for any temporary suspension of trading in the Shares due to the Placing and subscription by the Placee(s) and/or clearance of publishing announcement(s) in relation to the Placing, any suspension of trading in the Shares exceeding 10 consecutive Business Days, or any Share ceasing to be listed on the Stock Exchange; and
- (vi) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects.

Conditions precedent (i) to (v) above cannot be waived by any Party, but condition precedent (vi) above can be waived unilaterally by the Placing Agent. The Parties shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) on or before 30 June 2023 (or such later date as may be agreed between the Parties in writing) (the “**Long Stop Date**”). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the Long Stop Date, the Placing Agreement shall be terminated on the same day. Upon termination, all obligations of the Parties under the Placing Agreement shall cease.

Ranking of the Conversion Shares

The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Conversion Shares.

Placees

The Placing Agent shall procure Placee(s) to subscribe for the Convertible Bonds at the initial Conversion Price on terms and conditions set out in the Placing Agreement on a best effort basis. The Company and the Placing Agent shall use their respective reasonable endeavours to ensure that all Placees and their ultimate beneficial owners shall be Independent Third Parties.

Placing commission payable to the Placing Agent

The Placing Agent will receive a placing commission equal to 1.5% of the actual principal amount of the Convertible Bonds having been placed by the Placing Agent.

Such placing commission was arrived at after arm’s length negotiations between the Parties with reference to the prevailing market rates. The Directors are of the view that the aforesaid placing commission is fair and reasonable.

Placing period

The placing period for the Placing shall commence on the date of the Placing Agreement and expire on 30 June 2023.

Completion

Subject to the fulfilment of the abovementioned conditions precedent, Completion shall take place on the Completion Date. Upon Completion, the Placee(s) shall sign the CB Subscription Agreement.

Conditions precedent of the CB Subscription Agreement

Completion of the CB Subscription Agreement shall be subject to the following conditions:

- (i) the Company having obtained all necessary consents and approvals in respect of subscription of the Convertible Bonds;
- (ii) the Company having obtained from the Stock Exchange the approval for the listing of, and permission to deal in, the Conversion Shares;
- (iii) the Placee having obtained all necessary consents and approvals in respect of subscription of the Convertible Bonds;
- (iv) the representations and warranties by the Company having remained true, accurate and not misleading in all material respects; and
- (v) the representations and warranties by the Placee having remained true, accurate and not misleading in all material respects.

Conditions precedent (i) to (iii) above cannot be waived by any party to the CB Subscription Agreement. Condition precedent (iv) above can be waived unilaterally by the Placee, and condition precedent (v) above can be waived unilaterally by the Company. The parties to the CB Subscription Agreement shall use their best endeavours to procure the fulfillment or satisfaction of the abovementioned conditions precedent (except such conditions precedent having been waived) within four weeks upon signing the CB Subscription Agreement (or such later date as may be agreed between such parties in writing). In the event that any condition precedent mentioned above (except such conditions precedent having been waived) cannot be fulfilled or satisfied by the abovementioned time limit, the Placee may forthwith terminate the CB Subscription Agreement and cancel the subscription of the Convertible Bonds.

Principal terms of the Convertible Bonds

Set out below are the principal terms of the Convertible Bonds:

Issuer: The Company

Principal amount: Up to approximately HK\$65.0 million

Maturity Date: The date falling on the second anniversary of the Issue Date (the “**Maturity Date**”).

Interest: 8% per annum on the outstanding principal amount of the Convertible Bonds payable on the Maturity Date.

Status: The Convertible Bonds constitute direct, general, unconditional, unsecured and unsubordinated obligations of the Company and shall rank *pari passu* among themselves.

Conversion Price: The initial Conversion Price shall be HK\$1.34 per Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed “Adjustments of Conversion Price” below.

The initial Conversion Price represents:

- (i) same as the closing price of HK\$1.10 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 20.96% to the average closing price of HK\$1.108 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Placing Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$1.32 per Conversion Share.

The Conversion Price was arrived at after arm’s length negotiations between the Parties with reference to, among others, the prevailing market price of the Shares.

Adjustments of Conversion Price: The initial Conversion Price shall be adjusted if any event listed below arises:

- (a) if and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision;
- (b) if and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), other than Shares issued in lieu of a cash dividend;
- (c) if and whenever the Company shall pay or make any capital distribution to the Shareholders (whether on a reduction of capital or otherwise), or shall grant to Shareholders rights to acquire for cash assets of the Group;
- (d) if and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than the current market price per Share on the last trading day preceding the date of announcement of the terms of the issue or grant;
- (e) if and whenever the Company shall (i) issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights; or (ii) grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any such securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares); or (iii) offer any preferential rights to subscribe for or purchase securities of a subsidiary of the Company granted to all or substantially all Shareholders upon an initial public offering of the securities of such subsidiary where the rights of the Shareholders are exercisable at a subscription or purchase price, as the case may be, which is less than that at which the securities are offered to the public or any other person;

- (f) If and whenever the Company shall (i) issue (otherwise than as mentioned in paragraph (d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or (ii) issue or grant (otherwise than as mentioned in paragraph (d) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at a price per Share which is less than 80% of the current market price on the last trading day preceding the date of announcement of the terms of such issue or grant;
- (g) if and whenever the Company or any of its subsidiaries shall issue any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares or securities which by their terms might be redesignated as Shares to be issued by the Company upon conversion, exchange or subscription or redesignation, at a consideration per Share receivable by the Company or the relevant subsidiary which is less than 80% of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue of such securities;
- (h) if and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph (g) above so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 80% of the current market price per Share on the last trading day immediately preceding the date of announcement of the proposals for such modification or (if there is no such announcement) the date of such modification;

- (i) if and whenever the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other person issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them;
- (j) if and whenever the Company shall issue Shares for the acquisition of any asset at a total effective consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue; or
- (k) in the case of an issue of Shares by way of a scrip dividend where the current market price of such Shares on the date of issue of such Shares or if a record date is fixed for such scrip dividend, on such record date exceeds 110% of the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution.

Conversion Shares:

Assuming the Conversion Rights (as defined below) are exercised in full at the initial Conversion Price, a total of 48,500,000 Conversion Shares, having an aggregate nominal value of HK\$2,425,000, will be allotted and issued, which represent:

- (i) 19.30% of the issued Shares as at the date of this announcement; and
- (ii) approximately 16.17% of the issued Shares as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds).

- Conversion period:** The period commencing on the Issue Date and ending on the Maturity Date (both days inclusive) (the “**Conversion Period**”).
- Conversion rights:** Subject to the prior written consent of the Company, each Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in minimum amount of HK\$500,000 or an integral multiple thereof) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into such number of Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price and no fraction of a Share shall be issued on conversion (the “**Conversion Rights**”).
- Conversion restrictions:** No Bondholder shall exercise any Conversion Rights and the Company shall not issue any Conversion Share in the event that the exercise of such Conversion Rights by the Bondholder will cause: (1) the Bondholder and/or parties acting in concert (as defined in the Takeovers Code) with it being required by regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code, unless the Bondholder undertakes to the Company to fully comply with all applicable requirements under the Takeovers Code; and/or (2) the public float of the Company being less than 25% of its issued share capital.
- Redemption on maturity:** Outstanding principal amount of the Convertible Bonds on the Maturity Date shall be redeemed in full or the Company may elect to convert the whole or any part of the outstanding principal amount of the Convertible Bonds into Conversion Shares with the remaining amount (if any) and the interest accrued to be redeemed in cash.

Redemption on default:

If any of the events of default specified in the CB Instrument occurs, the Company shall forthwith give notice to the Bondholder and each Bondholder may (without prejudice to any other rights and remedies available to the Bondholder), opt to issue a notice of redemption to the Company in respect of all or part of the principal amount of the Convertible Bonds held by it, whereupon the Convertible Bonds shall immediately become due and payable at a redemption amount equal to 100% of the principal amount of the Convertible Bonds.

Transferability:

The Convertible Bonds can be transferred to any person after the Issue Date. The Convertible Bonds (in whole or part) shall not be transferred to any connected person of the Company without written consent of the Company.

Any transfer of the Convertible Bond shall be in whole or in part (must be in multiple of HK\$500,000) of the outstanding principal amount of the Convertible Bonds.

GENERAL MANDATE

At the annual general meeting of the Company held on 25 July 2022, an ordinary resolution was passed by the Shareholders granting the General Mandate to the Directors, pursuant to which the Directors are authorised to allot, issue and otherwise deal with such Shares not exceeding 20% of the number of Shares in issue as at the date of such annual general meeting. The Company is authorised to allot and issue a maximum of 50,256,000 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilised. The General Mandate is sufficient for the allotment and issue of all the Conversion Shares. Accordingly, the issue and allotment of Conversion Shares under the General Mandate are not subject to Shareholders' approval. Approximately 96.50% of the General Mandate will be utilised for the allotment and issue of all the Conversion Shares.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

REASONS FOR AND BENEFITS OF THE PLACING AND PROPOSED USE OF PROCEEDS

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

The gross proceeds from the Placing will be up to approximately HK\$65.0 million. The net proceeds from the Placing (after deducting the placing commission and other expenses) will be approximately HK\$63.8 million which will be used as to (i) approximately HK\$50.8 million (representing approximately 79.6% of the net proceeds from the Placing) for the up-front cost of four newly awarded wet-trade works projects of the Group; and (ii) approximately HK\$13.0 million (representing approximately 20.4% of the net proceeds from the Placing) for general working capital of the Group.

The Directors are of the view that the Placing represents a good opportunity for the Company to raise funds to strengthen its financial position without resulting in immediate dilution effect on the shareholding of the existing Shareholders. Accordingly, the Directors are of the view that the terms of the Placing Agreement (including the terms of the Convertible Bonds) are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company: (i) as at the date of this announcement; and (ii) assuming the full conversion of the Convertible Bonds but with no other changes in the share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds:

	As at the date of this announcement		Upon full conversion of the Convertible Bonds	
	<i>Number of Shares</i>	<i>Approximate %</i> <i>(Note 1)</i>	<i>Number of Shares</i>	<i>Approximate %</i> <i>(Note 1)</i>
Substantial Shareholder				
Land Noble Holdings Limited ("Land Noble") (Note 2)	105,000,000	41.79	105,000,000	35.03
Director				
Mr. Tam Wing Yuen (Note 3)	6,000,000	2.39	6,000,000	2.00
The Placees	–	–	48,500,000	16.17
Other public Shareholders	<u>140,280,000</u>	<u>55.82</u>	<u>140,280,000</u>	<u>46.80</u>
Total	<u><u>251,280,000</u></u>	<u><u>100.00</u></u>	<u><u>299,780,000</u></u>	<u><u>100.00</u></u>

Notes:

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

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activity during the 12 months immediately preceding the date of this announcement:

Date of announcements and circular: Announcements dated 28 June 2022 and 15 July 2022

Events: Placing of 41,880,000 new Shares at the placing price of HK\$0.25 per Share under general mandate

Net proceeds raised: HK\$10.3 million

Proposed use of proceeds: For the working capital for four wet-trade works projects and general working capital of the Group

Actual use of proceeds as at the date of this announcement: Use of proceeds are fully utilised

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board” the board of Directors

“Bondholder(s)” the person(s) in whose name the Convertible Bonds are registered

“Business Day”	a day (excluding Saturdays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for general banking business in Hong Kong
“CB Instrument”	an instrument constituting the Convertible Bonds to be signed by the Company
“CB Subscription Agreement”	the Convertible Bonds subscription agreement to be entered into between the Company and the Placee(s) in respect of the subscription of the Convertible Bonds pursuant to the terms of the Placing Agreement
“Company”	Noble Engineering Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the GEM of the Stock Exchange (stock code: 8445)
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Completion Date”	within five Business Days following the date on which the conditions precedent set out in the Placing Agreement are fulfilled or being satisfied (or waived)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Conversion Price”	HK\$1.34 (subject to adjustments), at which the Bondholder can convert 1 Conversion Share, but in any event, such price shall not be lower than the par value per Share
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon exercise of the Conversion Rights, the total number of which shall be 48,500,000 Shares
“Convertible Bond(s)”	convertible bonds in the principal amount of up to approximately HK\$65.0 million with 8% interest per annum to be issued by the Company subject to the provisions of the CB Instrument
“Directors”	the directors of the Company

“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM, as amended from time to time
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 25 July 2022 to the Board to allot, issue and deal with up to 50,256,000 new Shares to be issued and allotted by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Issue Date”	the initial issue date of the Convertible Bonds
“Placee(s)”	any individual(s), institution(s), professional investor(s) institutional investor(s) or other investor(s) procured by or on behalf of the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement
“Placing”	placing of the Convertible Bonds on a best efforts basis by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Bloomyeats Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent on 2 June 2023 in respect of the Placing
“PRC”	the People’s Republic of China

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers published by The Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 2 June 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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