



# KB

**KINGBOARD HOLDINGS LIMITED**

**建滔集團有限公司**

(Incorporated in the Cayman Islands)

**(Stock Code: 148)**

## **CONNECTED TRANSACTION ACQUISITION OF TARGET EQUITY**

The Board announces that on 14 August 2019, Kingboard Investments, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with Hallgain Investments, a wholly-owned subsidiary of Hallgain, to acquire 100% issued share capital of the Target Company.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **THE SHARE PURCHASE AGREEMENT**

### **Date:**

14 August 2019

### **Parties:**

Vendor: Hallgain Investments, a wholly-owned subsidiary of Hallgain

Purchaser: Kingboard Investments, a wholly-owned subsidiary of the Company

### **Assets to be acquired**

Pursuant to the Share Purchase Agreement, Hallgain Investments agrees to sell and Kingboard Investments agrees to acquire 100% issued share capital of the Target Company.

### **Consideration**

The Consideration shall be HKD600,000,000, payable in cash by bank transfer upon Completion. Part of the consideration for a total amount of HKD45,000,000 will be used to repay in full the shareholder's loans by Hallgain Group to the Target Company.

The total consideration of HKD600,000,000 was determined after arm's length negotiations between the parties, taking into account, among other factors, the operation condition and business prospects of the Target Group and the amount of the shareholder's loans. The Board intends to finance the Consideration by the Group's internal resources.

### **Conditions of the Share Purchase Agreement**

The Share Purchase Agreement is conditional upon:

- (i) the warranties under the Share Purchase Agreement being true and accurate in all material respects and not misleading as at the date of the relevant agreement and having remained true and accurate in all material respects and not misleading on the date of Completion;
- (ii) completion of due diligence on the Target Company to the satisfaction of Kingboard Investments; and
- (iii) all consents and approvals as Kingboard Investments may consider necessary or desirable (if any) in connection with the transactions contemplated under the Share Purchase Agreement.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **REASONS AND BENEFITS FOR THE ACQUISITION**

The Group is principally engaged in the manufacture and sale of laminates, printed circuit boards (“**PCB**”), chemicals, magnetic products and property development and investments. The Target Group is principally engaged in the research and development, manufacturing, sale and technology support of PCBs. Given the wide range of application of the PCB products of the Target Group to automobiles, communication devices, computers, home appliance and industrial equipment and its customer coverage of the PRC, Korea, Japan, Southeast Asia, Europe and America, the Board considers that the Acquisition is in line with the business strategies of the Group and would strengthen the market presence and competitiveness of the Group’s PCB business and is in the interests of the Company and its shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Share Purchase Agreement have been agreed upon on an arm’s length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Other than the related Directors, namely Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan, Mr. Ho Yin Sang and Mr. Cheung Ka Shing, being shareholders of Hallgain, who have abstained from voting on the board resolutions in relation to the connected transaction under the Acquisition, none of the Directors has any material interest in the connected transaction under the Acquisition and therefore none of them is required to abstain from voting on the relevant board resolutions.

## **INFORMATION OF THE PARTIES**

### **Kingboard Investments**

Kingboard Investments is a wholly-owned subsidiary of the Company and is an investment holding company.

### **The Hallgain Group**

Hallgain is an investment holding company. Hallgain Investments is a wholly-owned subsidiary of Hallgain and is an investment holding company. The Hallgain Group is principally engaged in the manufacture and sale of electronic component parts and property investment.

### **The Target Group**

The Target Group, which comprises the Target Company incorporated in Hong Kong with limited liability and a company established in the PRC with limited liability being the wholly-owned subsidiary of the Target Company, is principally engaged in the research and development, manufacturing, sale and technology support of PCBs. For the financial year ended 31 December 2018, the unaudited consolidated profit of the Target Company before and after taxation was HKD53,764,000 and HKD52,320,000, respectively and the unaudited net book value of the Target Company was HKD365,344,000. The Hallgain Group was the founding member of the Target Company, of which the 100% issued share capital forms the subject of the transaction under the Share Purchase Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Hallgain owns the entire issued share capital of Hallgain Investments which is the sole shareholder of the Target Company prior to the Acquisition. As at the date of this announcement, Hallgain owns approximately 39.02% of the issued share capital of the Company and is therefore a controlling shareholder and connected person of the Company. As one of the applicable percentage ratios exceeds 0.1% and each of the applicable percentage ratios is less than 5%, the Share Purchase Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules, and is subject only to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules but exempt from the requirements of the independent shareholders' approval under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the 100% issued share capital in the Target Company from Hallgain Investments by Kingboard Investments pursuant to the Share Purchase Agreement
“Board”	the board of directors of the Company
“Company”	Kingboard Holdings Limited (stock code: 148), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the mainboard of the Stock Exchange
“Completion”	Completion of the Share Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of approximately HKD600,000,000 for the Acquisition
“Group”	the Company and its subsidiaries
“Hallgain”	Hallgain Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Hallgain Group”	Hallgain and its subsidiaries
“Hallgain Investments”	Hallgain Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

