KB

建滔集團有限公司

(股份代號: 14)

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建滔積層板控股有限公司

(股份代號: 1)

關連交易

Reference is made to the announcement of KBH and KBL dated 26 October 2016 and the circular of KBL dated 21 November 2016 in relation to the Existing Continuing Connected Transaction Agreements. The annual caps in the Existing Continuing Connected Transaction Agreements will expire on 31 December 2019. Hangang Group, as the parties thereto, KBH and KBL entered into the New Continuing Connected Transaction Agreements and set out the Proposed Annual Caps for the three years ending on 1 January 2020 and ending on 31 December 2022 as more particularly described in this announcement.

上市規則的影響

As at the date of this announcement, Hangang Group is interested in approximately 39.03% of the issued share capital of KBH and is therefore a connected person of KBH. KBH, directly or indirectly, is interested in approximately 68.96% of the issued share capital of KBL and therefore KBL is a non-wholly owned subsidiary of KBH. Accordingly, the transactions contemplated under the New Continuing Connected Transaction Agreements constitute continuing connected transactions of KBH under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the aggregate annual amount under the KBH Purchase Framework Agreement and the KBL Purchase Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 does not exceed 0.1% but is more than 5%, the transactions contemplated under the KBH Purchase Framework Agreement and the KBL Purchase Framework Agreement are subject to the annual review, announcement and Shareholders' approval requirements by KBH under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the annual amount under the KBL Sales Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 does not exceed 0.1% but is more than 5%, the transactions contemplated under the KBL Sales Framework Agreement are subject to the annual review, announcement and Shareholders' approval requirements by KBH under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements.

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Hangsan is also a connected person of KBL. Accordingly, the transactions contemplated under the KBL Sales Framework Agreement and the KBL Purchase Framework Agreement constitute continuing connected transactions of KBL under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the annual amount under the KBL Sales Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 does not exceed 0.1% but is more than 5%, the transactions contemplated under the KBL Sales Framework Agreement are subject to the annual review, announcement and Shareholders' approval requirements by KBL under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the annual amount under the KBL Purchase Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 does not exceed 0.1% but is more than 5%, the transactions contemplated under the KBL Purchase Framework Agreement are subject to the annual review, announcement and Shareholders' approval requirements by KBL under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements.

Consideration:

The aggregate annual caps are arrived at after taking into account the historical transaction amounts, the expected growth in the business of the KBH Group and the expected increase in the rental rates and property management fees charged by the KBH Group. In addition, the Company has also taken into account the expected increase in the rental rates and property management fees charged by the KBH Group, the expected increase in the number of properties leased by the KBH Group and the expected increase in the number of properties managed by the KBH Group (both the Hangan Group and the Independent Third Parties) and the commencement of the Proposed Annual Caps for the two years ending 31 December 2022.

The Hangan Group has granted a call option to the Company to acquire the entire equity interest in the KBH Group. The consideration has been determined by reference to the Valuation.

Historical figures and the Proposed Annual Caps

The table below sets out the historical figures and the Existing Annual Caps under the Existing KBH Property Leasing Framework Agreement and the Proposed Annual Caps under the New KBH Property Leasing Framework Agreement.

For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
		(Unaudited)			
For the six months ended 30 June 2019		For the year ending 31 December 2019			
		(Unaudited)			
(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
520,000	493,118	572,000	565,709	629,000	415,749	554,332	610,000	640,000	672,000

Note: This is the latest available figure for the actual transaction amounts during the nine months ended 30 September 2019.

The Proposed Annual Caps under the New KBH Property Leasing Framework Agreement were determined by reference to (i) the historical transaction amounts of the Properties leased by the KBH Group from (a) the Hangan Group; (b) the Independent Third Parties; and (c) Mr. Hangan; and (ii) the expected increase in the number of Properties leased by the KBH Group from the Hangan Group and the Independent Third Parties. The Proposed Annual Caps for the New KBH Property Leasing Framework Agreement for the three years ending 31 December 2020, 2021 and 2022 are determined based on: (i) for the year ending 31 December 2020, the historical annual amount in 2019 plus an annual growth rate of 10%; and (ii) for the years ending 31 December 2021 and 2022, an annual growth rate of 5%. The KBH Directors (including the INEDs of KBH) are of the view that the Proposed Annual Caps under the New KBH Property Leasing Framework Agreement are fair and reasonable.

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On 25 October 2019, KBL entered into a sale and purchase agreement with Hangan (the "Hangan SPA") in relation to the sale and purchase of certain assets and liabilities of Hangan Group by the KBL Group. Details of the Hangan SPA are set out below:

Date:	25 October 2019
Parties:	(1) Hangan (2) KBL
Nature of transaction:	Pursuant to the Hangan SPA, the KBL Group agrees to purchase certain assets and liabilities for the operation of a certain business and undertakings for the Hangan Group. The amount of assets to be purchased is not fixed but to be determined in accordance with the criteria for the total. The KBL Group will not be obliged to purchase any amount of assets for the Hangan Group and the Hangan Group will not be obliged to sell any specific quantity of assets to the KBL Group during the term of the Hangan SPA. The actual consideration (after deducting the deposit) of assets and undertakings for the operation of business under the Hangan SPA will be subject to the adjustments by the KBL Group after the Hangan Group.
Term:	The period from 1 January 2020 to 31 December 2022, both days inclusive.
Consideration:	The deposit paid by the purchaser to be applied against the consideration payable by the KBL Group to the Hangan Group at the completion of the transaction (based on certain assumptions). In addition, after the transaction, the parties will negotiate the adjustment of the KBL Group will obtain quotations for different suppliers (both the Hangan Group and the independent suppliers) and enter into the agreement for the total. The Hangan Group grants a credit period of 60 days to the KBL Group. The consideration will be settled in cash.

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31 2017		31 201		31 201	(30 201)	(31 201)	31 2020	31 2021	31 2022
('000)		('000)		('000)			('000)	('000)	('000)
700,000	659,021	770,000	702,935	847,000	394,550	526,067	568,000	625,000	687,000

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31 2017		31 201		31 201	(30 201)	(31 201)	31 2020	31 2021	31 2022
('000)		('000)		('000)			('000)	('000)	('000)
350,000	270,285	385,000	366,706	424,000	216,119	288,159	345,000	362,000	380,000

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The Proposed Annual Caps under the New KBL Supply Framework Agreement and the New KBL Purchases Framework Agreement and the transactions contemplated thereunder (including the basis of determination of the amount of such proposed annual caps; (ii) the reasons for entering into such agreements; and (iii) information).

The Proposed Annual Caps for the New KBL Supply Framework Agreement for the years ending 31 December 2020, 2021 and 2022 are calculated based on (i) for the year ending 31 December 2020, the historical annual amount in 2019 plus an annual growth rate of 8%; and (ii) for the years ending 31 December 2021 and 2022, an annual growth rate of 10%. The KBH Directors (including the INEDs of KBH) and the KBL Directors (including the INEDs of KBL) are of the view that the Proposed Annual Caps under the New KBL Supply Framework Agreement are fair and reasonable.

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The Proposed Annual Caps under the New KBL Purchases Framework Agreement and the transactions contemplated thereunder (including the basis of determination of the purchases to be made from the Hagan Group; (ii) the reasons for entering into such agreements; (iii) the duration of the agreements; and (iv) information).

Pursuant to the KBH Purchase Agreement, the Hangou shall

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M . C ung K o Wa, M . C ung K o K ng, M . C ung K o P ng, M . La Ka Po an M . C ung Ka Hoe a h b ng a KBL D e to o s a so, as t as a b , a e to an /o s hae o e of Ha ga n, ae absta n f o ot ng at t ee t ng of t boa of e to s of KBL a o ng t N KBL P has F a e o Agee e nt, t N KBL S F a e o Agee e nt an t e se t e P o os Ann a Ca s.

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DEFINITIONS

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

"Connected Person"	has the meaning as set out in the Listing Rules
"Existing Annual Cap"	the annual cap for the Existing Continuing Connected Transaction Agreements for the three years ending 31 December 2019
"Existing Continuing Connected Transaction Agreements"	the Existing KBH Purchase Framework Agreement, Existing KBL Purchase Framework Agreement and Existing KBL Supply Framework Agreement
"Existing KBH Purchase Framework Agreement"	the agreement dated 26 October 2016 entered into between KBH and Hagan for the purchase of certain assets for the collection of PCBs, details of which have been disclosed in the announcement of KBH and KBL of even date
"Existing KBL Purchase Framework Agreement"	the agreement dated 26 October 2016 entered into between KBL and Hagan for the purchase of certain assets, details of which have been disclosed in the announcement of KBH and KBL of even date
"Existing KBL Supply Framework Agreement"	the agreement dated 26 October 2016 entered into between KBL and Hagan for the supply of certain assets, details of which have been disclosed in the announcement of KBH and KBL of even date
"Hagan"	Hagan Management Ltd., a company incorporated in the British Virgin Islands with limited liability
"Hagan Group"	Hagan and its subsidiaries
"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
"INEDs"	the independent non-executive directors of KBH or KBL, as the case may be
"KBH"	Kingboa Holdings Ltd. (stock code: 148), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

_KBH De ito (s)/ tfi e ito (s) of KBH

_KBH G ou / KBH an ts sub bs ae se ing tfi KBL G ou

_KBH S hae (s)/ o na s hae (s) of no na a g of HKD0.10e a h n tfi
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_KBH S hae ho e (s)/ ho e (s) of tfi KBH S hae

_KBL/ K ngboa La nat s Ho
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"New KBL Supply Framework Agreement"	the agreement dated 25 October 2019 entered into between KBL and Hangan International to the supply of coal and natural by the KBL Group to the Hangan Group for a term of three years from 1 January 2020 to 31 December 2022
"PCB(s)"	a collective reference to a particular board, a flat panel display module that is used to control the operations of the relevant electronic devices; PCBs of the kind used in consumer electronic devices, or the equivalent used for industrial purposes
"Proposed Annual Caps"	the proposed annual caps for the transactions contemplated under the New Continuing Connected Transaction Agreements
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By Order of the Board of Directors

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Hong Kong, 25 October 2019