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As the highest applicable ratio (under Chapter 14A of the Listing Rules) of the aggregate amount on an annual basis under each of the New Agreements for each of the three

NEW KBH PURCHASE FRAMEWORK AGREEMENT

Background

On the date of this announcement, KBH entered into a purchase framework agreement with Hallgain (the "**New KBH Purchase Framework Agreement**") in relation to the purchase of materials for the production of PCBs including copper balls and drill bits from the Hallgain Group by the KBH Group. Details of the New KBH Purchase Framework Agreement are set out below:

Date:	19 July 2021
Parties:	(1) Hallgain (2) KBH
Nature of transaction:	Pursuant to the New KBH Purchase Framework Agreement, the KBH Group agrees to purchase materials for the production of PCBs including copper balls and drill bits from the Hallgain Group. The amount of materials to be purchased is not fixed but is to be determined and agreed between the parties from time to time. The KBH Group will not be obligated to purchase a minimum amount of materials from the Hallgain Group and the Hallgain Group will not be obligated to sell any set quantity of materials to the KBH Group during the term of the New KBH Purchase Framework Agreement. The actual quantity, specification and price (with reference to the prevailing market price) of materials including copper balls and drill bits under the New KBH Purchase Framework Agreement will be subject to the individual orders placed by the KBH Group with the Hallgain Group.
Term:	From the date of the agreement to 31 December 2023, both days inclusive.

Consideration:	The price at which the materials are to be purchased will be at a price which is not less favourable to the KBH Group than the price at which the KBH Group purchases, or would be able to purchase similar materials from independent third parties having regard to the quantity and other conditions of the purchase. To facilitate the KBH Group in determining the prevailing market price, the KBH Group will consider the prices offered by independent third party suppliers of similar materials (based on similar amount and similar specifications). In particular, where appropriate, the rel12.m, the rel12.m, the

The Proposed Annual Caps under the New KBH Purchase Framework Agreement were determined with reference to the internal projection of the purchases having regard to (i) the historical amount of purchase of materials for the production of PCBs such as copper balls and drill bits by the KBH Group from the Hallgain Group; (ii) the anticipated growth in demand of such materials; (iii) the anticipated increase in market price of such materials; and (iv) inflation. The Proposed Annual Caps for the New KBH Purchase Framework Agreement for the years ending 31 December 2021, 2022 and 2023 are calculated based on: (i) for the year ending 31 December 2021, the estimated annualized amount in 2021; and (ii) for the years ending 31 December 2022 and 2023, an annual growth rate of 7%. The KBH Directors (including the INEDs of KBH) are of the view that the Proposed Annual Caps under the New KBH Purchase Framework Agreement are fair and reasonable.

NEW KBL SUPPLY FRAMEWORK AGREEMENT

Background

On the date of this announcement, KBL entered into a supply framework agreement with Hallgain (the "**New KBL Supply Framework Agreement**") in relation to the supply of copper and laminates by the KBL Group to the Hallgain Group. Details of the New KBL Supply Framework Agreement are set out below:

Date:	19 July 2021
Parties:	(1) Hallgain (2) KBL
Nature of transaction:	Pursuant to the New KBL Supply Framework Agreement, the KBL Group agrees to supply copper and laminates to the Hallgain Group. The amount of copper and laminates to be supplied is not fixed but is to be determined and agreed between the parties from time to time. The KBL Group will not be obligated to supply a minimum amount of copper and laminates to the Hallgain Group and the Hallgain Group will not be obligated to purchase any set quantity of copper and laminates from the KBL Group during the term of lity

Term:	From the date of the agreement to 31 December 2023, both days inclusive.
Consideration:	The price at which the materials are to be supplied will be at a price which is not more favourable to the Hallgain Group than the price at which the KBL Group sells similar products to independent third parties having regard to the quantity and other conditions of the sale. To facilitate the KBL Group in determining the prevailing market price, the KBL Group will consider the

Term: From the date of the agreement to 31 December 2023, both days inclusive.

Consideration: The price at which the machineries are to be purchased will be at a price which is not less favourable to the KBL Group than the price at which the KBL Group purchases, or would be able to purchase, similar machineries from independent third parties having regard to the quantity and other conditions of the purchase. To facilitate the KBL Group in determining the prevailing market price, the KBL Group will consider the prices offered by independent third party suppliers of similar machineries (based on similar amount and similar specifications). In particular, where the relevant purchasing department of the KBL Group will obtain quotations from different suppliers (both the Hallgain Group and the independent third party suppliers) and monitor the movement of market price from time to time.

The Hallgain Group will grant a credit period of 60 days to the KBL Group. The consideration will be settled in cash.

Historical figures, Existing Annual Caps and Proposed Annual Caps

The table below sets out the historical figures and the Existing Annual Caps and Proposed Annual Caps under each of the following agreements: (i) the Existing KBL Supply Framework Agreement and the New KBL Supply Framework Agreement; and (ii) the Existing KBL Purchase Framework Agreement and the New KBL Purchase Framework Agreement.

The Existing KBL Supply Framework Agreement and the New KBL Supply Framework Agreement

Year ended 31 December 2019		Year ended 31 December 2020		Year ending 31 December 2021			Year ending 31 December 2021	Year ending 31 December 2022 *(Note 2)*	Year ending 31 December 2023
Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount (up to 30 June 2021)	Estimated amount (up to 31 December 2021) *(Note 1)*	Proposed annual cap	Proposed annual cap	Proposed annual cap
(HKD'000)		*(HKD'000)*			*(HKD'000)*		*(HKD'000)*	*(HKD'000)*	*(HKD'000)*
847,000	495,127	568,000	315,451	625,000	283,651	567,302	625,000	687,000	755,000

Notes:

1. This is an estimated figure by straight-line multiplication from the actual transactions during the six months ended 30 June 2021.

2. The Existing Annual Cap for year 2022 is HKD687,000,000.

The Existing KBL Purchase Framework Agreement and the New KBL Purchase Framework Agreement

Year ended 31 December 2019		Year ended 31 December 2020		Year ending 31 December 2021			31 December 2021	Year ending 31 December 2022 *(Note 2)*	31 December 2023
Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount (up to 30 June 2021)	Estimated amount (up to 31 December 2021) *(Note 1)*	Proposed annual cap	Proposed annual cap	Proposed annual cap
(HKD'000)		*(HKD'000)*			*(HKD'000)*		*(HKD'000)*	*(HKD'000)*	*(HKD'000)*
424,000	311,581	345,000	213,809	362,000	257,201	514,402	570,000	610,000	653,000

Notes:

1. This is an estimated figure by straight-line multiplication from the actual purchase during the six months ended 30 June 2021.

2. The Existing Annual Cap for year 2022 is HKD380,000,000.

New KBL Supply Framework Agreement

The Proposed Annual Caps under each of the New KBL Supply Framework Agreement and the New KBL Purchase Framework Agreement were determined with reference to the internal projection of the transactions to be made having regard to (i) the historical amount of supply of copper and laminates by the KBL Group to the Hallgain Group; (ii) the anticipated growth in demand of such materials; (iii) the anticipated increase in market price of such materials; and (iv) inflation.

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The supply of copper and laminates and purchases of copper balls, drill bits and machineries contemplated under the respective agreements are to be of a recurrent revenue nature to be occurred on a regular and continuing basis in the ordinary and usual course of business of the KBH Group and the KBL Group, respectively. The agreements provide a framework for the supplies of copper and laminates by the KBL Group to the Hallgain Group from time to time on a non-exclusive basis and the purchase of materials such as copper balls, drill bits and machineries by the KBH Group and the KBL Group from the Hallgain Group respectively from time to time on a non-exclusive basis and regulate the future possible business relationship among the KBH Group, the KBL Group and the Hallgain Group in relation to the transactions under the agreements.

In negotiating and determining the pricing terms of each of the subject transactions under the New Agreements, in order to ensure that the pricing terms are on normal commercial terms and in the interests of KBH or KBL (as the case may be) and their respective independent shareholders as a whole, the general principle is that the KBH Group and the KBL Group (as the case may be) shall consider, where appropriate, the prices offered by independent third party suppliers or to independent third party customers (as the case may be) of similar product (based on similar amount and similar specifications) in arriving at the pricing terms with the Hallgain Group after arm's length negotiations. In particular, as part of the internal control procedures, the relevant purchasing department and sales department (as the case may be) shall, where appropriate, obtain quotations from independent third party suppliers or compare prices offered to independent third party customers (as the case may be) in determining the pricing terms with the Hallgain Group from time to time.

LISTING RULES IMPLICATIONS

KBH

As at the date of this announcement, Hallgain owns approximately 38.82% of the issued share capital of KBH and is therefore a connected person of KBH. KBH, directly or indirectly, owns over 50% 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 Agreements constitute continuing connected transactions of KBH under Chapter 14A of the Listing Rules.

Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan and Mr. Ho Yin Sang, each being a KBH Director, have abstained from voting at the meeting of the board of directors of KBH approving the New Agreements and the Proposed Annual Caps by virtue of their stake/role in Hallgain.

As the highest applicable ratio (under Chapter 14A of the Listing Rules) of the aggregate amount on an annual basis under each of the New Agreements for each of the three years ending 31 December 2021, 2022 and 2023 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New Agreements are subject to compliance with the annual review, reporting and announcement requirements by KBH under Chapter 14A of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements.

KBL

Hallgain is also regarded as a connected person of KBL. Accordingly, the transactions contemplated under the New KBL Purchase Framework Agreement and the New KBL Supply Framework Agreement constitute continuing connected transactions of KBL under Chapter 14A of the Listing Rules.

Mr. Cheung Kwok Wa, Mr. Cheung Kwok Keung, Mr. Cheung Kwok Ping, Mr. Lam Ka Po and Mr. Cheung Ka Ho, each being a KBL Director, have abstained from voting at the meeting of the board of directors of KBL approving the New KBL Purchase Framework Agreement, the New KBL Supply Framework Agreement and their respective Proposed Annual Caps by virtue of their stake/role in Hallgain.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the aggregate amount on an annual basis under each of the New KBL Supply Framework Agreement for each of the three years ending 31 December 2021, 2022 and 2023 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New KBL Supply Framework Agreement are subject to compliance with the annual review, reporting and announcement requirements by KBL under Chapter 14A of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the amount on an annual basis under the New KBL Purchase Agreement for each of the three years ending 31 December 2021, 2022 and 2023 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New KBL Purchase Agreement are subject to compliance with the annual review, reporting and announcement requirements by KBL under Chapter 14A of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements.

GENERAL

The KBH Group

KBH is an investment holding company. The KBH Group is principally engaged in the manufacture and sale of, among other things, PCBs, chemicals and magnetic products, and property development and investment. To the best knowledge of the KBH Directors, Hallgain is the controlling shareholder of KBH.

The KBL Group

KBL is an investment holding company. The KBL Group is principally engaged in the manufacture and sale of laminates and related upstream component materials. KBH (listed on the Stock Exchange with the stock code 148) is the controlling shareholder of KBL.

The Hallgain Group

Hallgain is an investment holding company. The Hallgain Group is principally engaged in the manufacture and sale of electronic component parts, raw materials and machineries for the production of laminates and PCBs.

DEFINITIONS

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

"connected person"	has the meaning ascribed to it under the Listing Rules
"Existing Agreements"	the Existing KBH Purchase Framework Agreement, Existing KBL Purchase Framework Agreement and Existing KBL Supply Framework Agreement
"Existing Annual Caps"	the annual caps for the Existing Agreements for the three years ending 31 December 2022
"Existing KBH Purchase Framework Agreement"	the agreement dated 25 October 2019 entered into between KBH and Hallgain for the purchase of certain materials for the production of PCBs, details of which are described in the joint announcement of KBH and KBL of even date
"Existing KBL Purchase Framework Agreement"	the agreement dated 25 October 2019 entered into between KBL and Hallgain for the purchase of certain materials for the production of laminates, details of which are described in the joint announcement of KBH and KBL of even date
"Existing KBL Supply Framework Agreement"	the agreement dated 25 October 2019 entered into between KBL and Hallgain for the supply of copper and laminates, details of which are described in the joint announcement of KBH and KBL of even date
"Hallgain"	Hallgain Management Limited, a company incorporated in the British Virgin Islands with limited liability
"Hallgain Group"	Hallgain 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” K

"New KBL Supply Framework Agreement"	the agreement entered into between KBL and Hallgain in relation to the supply of copper and laminates by the KBL Group to the Hallgain Group for a term up to 31 December 2023
"PCB(s)"	acronym for printed circuit board, a flat panel composite with alternating layers of printed conductors and electrical insulation, typically interconnected by conductive holes; PCBs provide platforms to connect semiconductors and other electronic, optical or mechanical devices to form a circuit or functional system
"Proposed Annual Caps"	the proposed annual caps for the transactions contemplated under each of the New Agreements
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By Order of the board of directors
Kingboard Holdings Limited
Lo Ka Leong
Company Secretary

By Order of the board of directors
Kingboard Laminates Holdings Limited
Lam Ting Hin
Company Secretary

Hong Kong, 19 July 2021

As at the date of this announcement, the board of directors of Kingboard Holdings Limited consists of Messrs. Cheung Kwok Wing, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie, Cheung Ka Shing and Chen Maosheng, being the executi e directors, Messrs. Cheung Ming Man, Chong Kin Ki, Chan Wing Kee and Stanley Chung Wai Cheong, being the independent non-executi e directors.

As at the date of this announcement, the board of directors of Kingboard Laminates Holdings Limited consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho and Zhou Pei Feng, being the executi e directors, Mr. Lo Ka Leong, being the non-executi e director, and Messrs. Ip Shu Kwan, Stephen, Zhang Lu Fu, Lau Ping Cheung, Kaizer, and Kung, Peter being the independent non-executi e directors.