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KB

KINGBOARD HOLDINGS LIMITED

建滔集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 148)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES

THE SUBSCRIPTION

The Board announces that on 30 August 2023 (before trading hours), the Subscriber (a wholly-owned subsidiary of the Company) and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the Subscription Consideration. The Subscription Consideration shall be settled by partially offsetting an instalment of a loan repayable by the Target Company to the Subscriber (while the remainder of such instalment has been repaid by the Target Company to the Subscriber in cash). The Subscription Shares represent 1.25% of the issued share capital of the Target Company upon Completion as enlarged by the allotment and issue of the Subscription Shares.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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The Board announces that on 30 August 2023 (before trading hours), the Subscriber (a wholly-owned subsidiary of the Company) and the Target Company entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the Subscription Consideration.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date

30 August 2023 (before trading hours)

Parties

- (1) The Subscriber; and
- (2) The Target Company

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

Subject Matter

The Subscriber agreed to subscribe for, and the Target Company agreed to allot and issue, the Subscription Shares at the Subscription Consideration of HK\$270,000,000, subject to the terms and conditions of the Subscription Agreement. The Subscription Shares, upon allotment and issue at Completion, are free from all encumbrances and rank *pari passu* in all respects with the other Target Company Shares. The Subscription Shares represent 1.25% of the issued share capital of the Target Company upon Completion as enlarged by the allotment and issue of the Subscription Shares.

Conditions

According to the Subscription Agreement, Completion shall be conditional on (i) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares, and such approval and granting of permission not having been withdrawn or revoked on or before the long stop date under the Subscription Agreement; and (ii) no suspension or halt of trading of the Target Company Shares on the Stock Exchange on the Completion Date.

Completion

Subject to the conditions having been satisfied and the Subscription Agreement not having been terminated, completion shall take place on the Completion Date.

SUBSCRIPTION CONSIDERATION

On 1 December 2021, the Subscriber (as the lender) and the Target Company (as the borrower) entered into a facility agreement (as subsequently amended and supplemented), pursuant to which the Subscriber has lent a term loan in the principal amount of HK\$1,880,000,000 to the Target Company, and the Target Company has agreed to repay such loan together with interests by instalments, the first of which amounted to HK\$318,775,890.41 (representing a principal amount of HK\$282,000,000 and interests accrued thereon as of the due date).

The Subscription Consideration is HK\$270,000,000. The Subscription Consideration shall be settled by partially offsetting the aforementioned instalment repayable by the Target Company. The balance of the repayable amount of such instalment has been repaid by the Target Company in cash. Immediately following the repayment and offsetting, the outstanding principal amount of the facility agreement will be HK\$1,598,000,000, and shall be repayable by the Target Company by instalments, and the last of which is in December 2023.

The Subscription Share Price was determined and agreed between the parties on normal commercial terms after arm's length negotiations with reference to the prevailing market price of the Target Company Shares.

INFORMATION OF THE TARGET GROUP

Set out below is certain information about the Target Company, solely based on publicly available information:

The Target Company is a company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange (stock code: 2007). The Target Group is principally engaged in the property development, construction, property investment and hotel operation businesses.

Set out below is certain audited financial information extracted from the published consolidated financial statements of the Target Company for the two years ended 31 December 2021 and 2022:

	Year Ended 31 December	
	2021	2022
	<i>RMB millions</i>	<i>RMB millions</i>
Revenue	523,064	430,371
Profit before income tax	68,949	5,361
Profit/(loss) for the year	40,982	(2,962)

As at 31 December 2022, based on the published consolidated financial statements of the Target Company, the Target Company had net assets of RMB309,573 million.

REASONS AND BENEFITS OF THE SUBSCRIPTION

The Company is an investment holding company. The Group is principally engaged in the manufacture and sales of laminates, printed circuit boards, chemicals, magnetic products, property development and investments and investment business.

Considering, among other things, the prevailing share price and the market landscape, the Directors are of the view that the Subscription and the transactions contemplated under the Subscription Agreement enable the Company to convert the receivables into publicly listed shares for better liquidity and flexibility.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription are and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

As at the date of this announcement, Completion has not yet been taken place. There is no assurance as to whether the Subscription and the loan repayment will take place as contemplated or at all. Shareholders and investors should exercise caution in dealing in the shares of the Company or other securities.

DEFINITIONS

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

“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 Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Completion Date”	6 September 2023, or such other date as the Subscriber and the Target Company may agree in writing
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	parties who are third parties independent of the Company and its connected persons, as defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ever Credit Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 August 2023 entered into between the Subscriber and the Target Company in relation to the Subscription
“Subscription Consideration”	the consideration for the Subscription, being HK\$270,000,000
“Subscription Share Price”	HK\$0.77 per Subscription Share
“Subscription Shares”	the 350,649,350 ordinary shares of the Target Company to be allotted and issued by the Target Company to the Subscriber pursuant to the Subscription Agreement
“Target Company”	Country Garden Holdings Company Limited, a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (stock code: 2007)

“Target Company Share(s)” ordinary share(s) of HK\$0.1 each in the share capital of the Target Company

“Target Group” the Target Company and its subsidiaries

“%” per cent

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

Hong Kong, 30 August 2023

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