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建滔集團有限公司

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建滔積層板控股有限公司

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Reference is made to the joint 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 under the Existing Continuing Connected Transaction Agreements will expire on 31 December 2019. Hallgain and, as the case may be, KBH and KBL entered into the New Continuing Connected Transaction Agreements and set out the Proposed Annual Caps thereof for the three years commencing on 1 January 2020 and ending on 31 December 2022 as more particularly described in this announcement.

As at the date of this announcement, Hallgain owns approximately 39.03% of the issued share capital of KBH and is therefore a connected person of KBH. KBH, directly or indirectly, owns 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 ratio (under Chapter 14A of the Listing Rules) of the aggregate amount on an annual basis under the New KBH Purchase Framework Agreement and New KBL Purchase Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New KBH Purchase Framework Agreement and New KBL Purchase Framework Agreement 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.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the amount on an annual basis under the New KBL Supply Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 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 KBH under Chapter 14A of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements.

Hallgain is also regarded as a connected person of KBL. Accordingly, the transactions contemplated under the New KBL Supply Framework Agreement and the New 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 amount on an annual basis under the New KBL Supply Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 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 Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New KBL Purchase 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.

Reference is made to the joint 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 under the Existing Continuing Connected Transaction Agreements will expire on 31 December 2019. Hallgain and, as the case may be, KBH and KBL entered into the New Continuing Connected Transaction Agreements and set out the Proposed Annual Caps thereof for the three years commencing on 1 January 2020 and ending on 31 December 2022 as more particularly described in this announcement.

On 25 October 2019, KBH entered into a purchase framework agreement with Hallgain (the “ ”) in relation to the purchase of certain materials for the production of PCBs such as 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:	25 October 2019
Parties:	(1) Hallgain (2) KBH
Nature of transaction:	Pursuant to the New KBH Purchase Framework Agreement, the KBH Group agrees to purchase certain materials for the production of PCBs such as 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 such as 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:	Three years from 1 January 2020 to 31 December 2022, 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 relevant purchasing department of the KBH 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 KBH Group. The consideration will be settled in cash.

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

31 2017		31 201		31 201			31 2020	31 2021	31 2022
					30 201)	31 201)			
('000)		('000)			('000)		('000)	('000)	('000)
520,000	493,118	572,000	565,709	629,000	415,749	554,332	610,000	640,000	672,000

This is an estimated figure by straight-line multiplication from the actual purchase during the nine months ended 30 September 2019.

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 2020, 2021 and 2022 are calculated based on: (i) for the year ending 31 December 2020, the estimated annualized amount in 2019 with 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 Purchase Framework Agreement are fair and reasonable.

On 25 October 2019, KBL entered into a supply framework agreement with Hallgain (the “ ”) 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:	25 October 2019
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 the New KBL Supply Framework Agreement. The actual quantity, specification and price (with reference to the prevailing market price) of the copper and laminates under the New KBL Supply Framework Agreement will be subject to the individual orders placed by the Hallgain Group with the KBL Group.
Term:	Three years from 1 January 2020 to 31 December 2022, 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 prices offered to independent third party customers of similar products (based on similar amount and similar specifications). In particular, where appropriate, the relevant sales department of the KBL Group will compare the selling price offered to different customers (both the Hallgain Group and the independent third party customers) (based on similar amount and similar specifications) and will also monitor the movement of market price from time to time. The KBL Group will grant a credit period of 90 days to the Hallgain Group. The consideration will be settled in cash.

On 25 October 2019, KBL entered into a purchase framework agreement with Hallgain (the “ ”) in relation to the purchase of certain materials for the production of laminates such as drill bits and machineries from the Hallgain Group by the KBL Group. Details of the New KBL Purchase Framework Agreement are set out below:

Date:	25 October 2019
Parties:	(1) Hallgain (2) KBL
Nature of transaction:	Pursuant to the New KBL Purchase Framework Agreement, the KBL Group agrees to purchase certain materials for the production of laminates such as drill bits and machineries 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 KBL 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 KBL Group during the term of the New KBL Purchase Framework Agreement. The actual quantity, specification and price (with reference to the prevailing market price) of materials such as drill bits and machineries under the New KBL Purchase Framework Agreement will be subject to the individual orders placed by the KBL Group with the Hallgain Group.
Term:	Three years from 1 January 2020 to 31 December 2022, 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 KBL Group than the price at which the KBL 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 KBL Group in determining the prevailing market price, the KBL 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 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.

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.

31	2017	31	201		31	201	31 2020	31 2021	31 2022
					30 201)	31 201)			
('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

: These are estimated figures by straight-line multiplication from the actual sale during the nine months ended 30 September 2019.

31	2017	31	201		31	201	31 2020	31 2021	31 2022
					30 201)	31 201)			
('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

: These are estimated figures by straight-line multiplication from the actual purchase during the nine months ended 30 September 2019.

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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.

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 estimated annualized amount in 2019 with 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 Purchase Framework Agreement were determined with reference to the internal projection of the purchases to be incurred having regard to (i) the technical advancement of the machineries provided by the Hallgain Group; (ii) the anticipated growth in demand of drill bits and machineries; (iii) the anticipated increase in production of machineries by the Hallgain Group; and (iv) inflation.

The Proposed Annual Caps for the New KBL Purchase 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 estimated annualized amount in 2019 with an annual growth rate of approximately 20%; (ii) for the years ending 31 December 2021 and 2022, an annual growth rate of approximately 5%. The KBH Directors and KBL Directors (including the respective INEDs of KBH and KBL) are of the view that the Proposed Annual Caps under the New KBL Purchase Framework Agreement are fair and reasonable.

The KBH Group is engaged in, among other things, the manufacturing and sale of PCBs, which require materials such as copper balls and drill bits as a component for its production. The KBL Group is engaged in, among other things, the manufacturing and sale of laminates and related products and the provision of drilling services of laminates, which require materials such as drill bits and specific machineries as a component for its production. The Hallgain Group is engaged in, among other things, the manufacturing and sale of copper balls, drill bits and machineries.

Pursuant to the New KBH Purchase Framework Agreement, the Hallgain Group shall produce

In light of the above, the KBH Directors (including the INEDs of KBH) are of the view that the New Continuing Connected Transaction Agreements are on normal commercial terms and in the ordinary and usual course of business of the KBH, and are fair and reasonable and in the interests of KBH and the KBH Shareholders as a whole. The KBL Directors (including the INEDs of KBL) are of the view that each of the New KBL Supply Framework Agreement and the New KBL Purchase Agreement is on normal commercial terms and in the ordinary and usual course of business of the KBL, and are fair and reasonable and in the interests of KBL and the KBL Shareholders as a whole. The terms of the agreements were arrived at after arm's length negotiation between the relevant parties.

As at the date of this announcement, Hallgain owns approximately 39.03% of the issued share capital of KBH and is therefore a connected person of KBH. KBH, directly or indirectly, owns 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.

Mr Cheung Kwok Wing, Mr Chang Wing Yiu, Mr Cheung Kwong Kwan and Mr Ho Yin Sang, each being a KBH Director who is also, as the case may be, a director and/or shareholder of Hallgain, have abstained from voting at the meeting of the board of directors of KBH approving the New Continuing Connected Transaction Agreements and the Proposed Annual Caps.

As the highest applicable ratio (under Chapter 14A of the Listing Rules) of the aggregate amount on an annual basis under the New KBH Purchase Framework Agreement and New KBL Purchase Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 exceeds 0.1% but is lower than 5%, the transactions contemplated under the New KBH Purchase Framework Agreement and New KBL Purchase Framework Agreement 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.

As the highest applicable percentage ratio (under Chapter 14A of the Listing Rules) of the amount on an annual basis under the New KBL Supply Framework Agreement for each of the three years ending 31 December 2020, 2021 and 2022 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 KBH under Chapter 14A of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements.

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 who is also, as the case may be, a director and/or shareholder of Hallgain, 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.

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 2020, 2021 and 2022 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.

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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 Annual Caps"	the annual caps 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 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 26 October 2016 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 26 October 2016 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"	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

"KBH Director(s)"	the director(s) of KBH
"KBH Group"	KBH and its subsidiaries, excluding the KBL Group
"KBH Share(s)"	ordinary share(s) of nominal value of HKD0.10 each in the issued share capital of KBH
"KBH Shareholder(s)"	holder(s) of the KBH Shares
"KBL"	Kingboard Laminates Holdings Limited (stock code: 1888),

"New KBL Supply Framework Agreement"	the agreement dated 25 October 2019 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 of three years from 1 January 2020 to 31 December 2022
"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 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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By Order of the board of directors

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Hong Kong, 25 October 2019

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