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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

ACQUISITION OF PROPERTY

The Board announces that on 22 June 2022, the Purchaser, the Seller and the Target Company entered into the Agreement in relation to the sale and purchase of the Sale Shares. The Target Company is the owner of the Property, a commercial building named 2 London Wall Place, located at Central London, London, which Consideration has been agreed by the parties, after market standard deduction of £8.4 million, to be £293.6 million (equivalent to approximately HKD2,809.6 million) subject to a standard net asset value adjustment mechanism following agreement of completion accounts.

As one or more of the relevant applicable percentage ratios in respect of the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is equal to or exceeds 5% and none of such percentage ratios is equal to or exceeds 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from shareholders' approval requirement under the Listing Rules.

The Board announces that 22 June 2022, the Purchaser, the Seller and the Target Company entered into the Agreement in relation to the sale and purchase of the Sale Shares. The Target Company is the owner of the Property, a commercial building named 2 London Wall Place, located at Central London, London, which Consideration has been agreed by the parties, after market standard deduction of £8.4 million, to be £293.6 million (equivalent to approximately HKD2,809.6 million) subject to a standard net asset value adjustment mechanism following agreement of completion accounts.

THE AGREEMENT

Date

22 June 2022

Parties

The Purchaser (as buyer), the Seller (as seller) and the Target Company

Consideration and Completion

The Consideration for the Acquisition, after market standard deduction of £8.4 million, is £293.6 million (equivalent to approximately HKD2,809.6 million) subject to a standard net asset value adjustment mechanism following agreement of completion accounts, which was determined by reference to the NAV Estimate and the Debt. The NAV Estimate and the Consideration were arrived at after arm's length negotiations between the parties by taking into account, among other things, the valuation of the Property prepared by CBRE Limited, an independent professionally qualified valuer in the United Kingdom, based on market values of comparable properties.

The Consideration will be satisfied by the internal resources of the Group.

On the date of completion of the Acquisition, the Purchaser shall pay to the Seller the Consideration and the Seller shall, among other things, transfer the Sale Shares to the Purchaser and deliver the title deeds and other documents in respect of the Property to the Purchaser.

THE TARGET COMPANY AND THE PROPERTY

The Target Company is an investment holding company and its major asset is the Property. It is a wholly-owned subsidiary of the Seller. Apart from the ownership of the Property and the leasing business in respect of the Property, so far as the Directors are aware, the Target Company does not have other substantial business operation.

The Property is a 16-storey commercial building named 2 London Wall Place located at Central London, London, two-minute walk away from the Moorgate station, which provides 187,200 sq. ft. of Grade A office accommodation and 1,500 sq. ft. of retail space. 96% of the leasable area of the office space and 100% of the retail space of the Property is currently being leased out, generating total annual gross rental income of approximately £12.9 million (equivalent to approximately HKD123.4 million).

Set out below is the unaudited consolidated financial information of the Target Company for the financial years ended 31 December 2021 and 31 December 2020:

	For the year ended 31 December 2020 (unaudited)	For the year ended 31 December 2021 (unaudited)
Profit before taxation	£2,201,481	£6,513,641
Net profit after taxation	£7,620,661	£6,402,149

Based on the unaudited consolidated financial statements of the Target Company for the year ended 31 December 2021, the net book value of the Target Company as at 31 December 2021 was approximately £46 million (equivalent to approximately HKD482 million, at the exchange rate of £0.0954 = HKD1.00 as of 31 December 2021). Upon completion of the Acquisition, the Target Company will become a subsidiary of the Company, and the results, assets and liabilities of the Target Company will be consolidated into the accounts of the Group.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the manufacture and sale of laminates, printed circuit boards, chemicals, magnetic products, property development and investments and investment business. The Group has been identifying quality properties for acquisition to increase its property investment portfolio and to enhance the Group's capacity in generating rental income which the Board believes to be a stable and reasonable return in the current market situation. Taking into account the location, quality and occupancy rate of the Property, the Board considers that the Acquisition is in line with the business strategies of the Group 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 and the terms of the Agreement have been agreed upon an arm's length basis, are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE SELLER

So far as the Directors are aware, the principal activity of the Seller is property investment. To the best of the Directors' knowledge, information and beliefs having made all reasonable enquiry, the Seller, the Target Company and their ultimate beneficial owners are third parties independent from the Company and its connected persons.

INFORMATION OF THE COMPANY AND THE PURCHASER

The Company is an investment holding company and the principal activities of its subsidiaries are the manufacture and sales of laminates, printed circuit boards, chemicals, magnetic products, property development and investments and investment business.

The Purchaser is a company incorporated in the British Virgin Islands and is principally engaged in the business of investment holding. It is a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios in respect of the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is equal to or exceeds 5% and none of such percentage ratios is equal to or exceeds 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Seller pursuant to the Agreement
“Board”	the board of Directors
“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 Acquisition
“Consideration”	£293.6 million (equivalent to approximately HKD2,809.6 million) (after market standard deduction of £8.4 million) subject to a standard net asset value adjustment mechanism following agreement of completion accounts, being the total consideration payable by the Purchaser to the Seller in respect of the Acquisition
“Debt”	the aggregate amount owed by the Target Company
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAV Estimate”	an estimate of the net assets value of the Target Company as at the time immediately prior to Completion, in the amount of £159.6 million (equivalent to approximately HKD1,527.3 million)
“Property”	a commercial building named 2 London Wall Place, located at Central London, London
“Purchaser”	High Clarity Group Limited, a company established in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

“Sale Shares”	the entire issued share capital in the Target Company
“Seller”	London Wall Place Limited, a company incorporated under the laws of Jersey
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Two London Wall Place Limited, a company incorporated under the laws of Jersey and a wholly-owned subsidiary of the Seller prior to the Acquisition
“£”	British pound, the lawful currency of the United Kingdom
“%”	per cent

In this announcement, the terms “connected person” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. Unless otherwise indicated, the exchange rate of £0.1045 = HKD1.00 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

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

Hong Kong, 22 June 2022

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 Mr. Cheung Ming Man, Dr. Chong Kin Ki, Mr. Chan Wing Kee and Mr. Stanley Chung Wai Cheong, being the independent non-executive directors.