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(incorporated in the Cayman Islands with limited liability)

(Stock code: 2663)

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION
TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
AND THE SALE LOAN OF THE TARGET COMPANY**

AND

(II) TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

THE ACQUISITION

The Board is pleased to announce that on 9 March 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors conditionally agreed to sell (i) the Sale Shares; and (ii) the Sale Loan for the total consideration of HK\$12.2 million, which shall be settled by the Purchaser in cash upon the Completion.

The Target Group is undergoing the Reorganisation and has completed all registration of the Reorganisation, save for filing with the local authority of commerce. As at the date of this announcement, the Target Company directly owns the entire equity interest of BuildMax (SZ). Prior to the Reorganisation, BuildMax (SZ) was a sino-foreign equity joint venture enterprise incorporated in the PRC owned as to 75% by the Target Company and 25% by Shenzhen Hengyayuan, being an independent third party.

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and therefore, the financial results of the Target Group will be consolidated into the financial statements of the Group.

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Company's announcement dated 20 April 2018 and the circular dated 25 May 2018 in relation to the 2018 Master Supply Agreement. The transactions under the 2018 Master Supply Agreement currently constitute continuing connected transactions of the Company. Upon the Completion, BuildMax (SZ) will become an indirect wholly-owned subsidiary of the Company and cease to be a connected person of the Company. Accordingly, the transactions between the Company and BuildMax (SZ) will no longer constitute continuing connected transactions of the Company. Therefore, on 9 March 2019, the Company and BuildMax (SZ) entered into an agreement to terminate the 2018 Master Supply Agreement with effect from the Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is owned as to approximately 26.7% by Mr. Lui, approximately 26.7% by Mr. Wai, approximately 26.7% by Mr. Yip, 15.0% by Mr. Liu Yuen Wai and 5.0% by Mr. Chan Chi Ming.

As (i) Mr. Lui is one of the controlling shareholders of the Company and Mr. Wai and Mr. Yip are executive Directors and one of the controlling shareholders of the Company, and hence they are connected persons of the Company; and (ii) Mr. Lui, Mr. Wai and Mr. Yip together hold over 30.0% shareholding interest in the Target Company, the Target Company is therefore considered as an associate of Mr. Lui, Mr. Wai and Mr. Yip and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the continuing connected transaction contemplated under the 2018 Master Supply Agreement will be terminated, the Company issued this announcement pursuant to the requirement under Rule 14A.35 of the Listing Rules.

GENERAL

The EGM will be convened by the Company to seek the approval from the Independent Shareholders for the Acquisition by way of poll. Save for Mr. Lui, Mr. Wai and Mr. Yip and their respective associates, none of the Shareholders will be required to abstain from voting at the EGM in respect of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to, among other things, the Sale and Purchase Agreement and the transactions and matters contemplated thereunder and on how to vote. Titan Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this respect.

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the advice and recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (iv) the notice of EGM, will be despatched to the Shareholders on or before 12 April 2019, as additional time is required to prepare the information to be included in the circular.

THE ACQUISITION

The Board is pleased to announce that on 9 March 2019, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors conditionally agreed to sell (i) the Sale Shares; and (ii) the Sale Loan for the total consideration of HK\$12.2 million. The major terms of the Sale and Purchase Agreement are as follows:

THE SALE AND PURCHASE AGREEMENT

Date

9 March 2019

Parties

- (i) the Purchaser, an indirect wholly-owned subsidiary of the Company and principally engaged in investment holding; and
- (ii) the Vendors comprising:
 - (a) Mr. Lui, one of the controlling shareholders of the Company;
 - (b) Mr. Wai, an executive Director and one of the controlling shareholders of the Company;
 - (c) Mr. Yip, an executive Director and one of the controlling shareholders of the Company;
 - (d) Mr. Liu Yuen Wai, a general manager of the Group; and
 - (e) Mr. Chan Chi Ming, a commercial manager of the Group.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell (i) the Sale Shares, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan, representing all amounts owing by the Target Group to the Vendors as at the date of the Completion.

The Target Group is undergoing the Reorganisation and has completed all registration of the Reorganisation, save for filing with the local authority of commerce. Completion of the Reorganisation is one of the conditions precedent to the Acquisition. As of the date of this announcement, the Target Company directly owns the entire equity interest of BuildMax (SZ). Details of the Target Group both immediately before and after the completion of Reorganisation are set out in the section headed “Information of the Target Group” below.

Consideration

The total consideration for the Sale Shares and the Sale Loan is HK\$12.2 million, of which the consideration for the Sale Loan is equivalent to its face value at the Completion and the consideration for the Sale Share shall be the balance of the Consideration after deducting the consideration for the Sale Loan. The total consideration shall be settled in full by the Purchaser in cash to the Vendors upon the Completion and which will be funded by the internal resources of the Group.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to (i) the net assets value of BuildMax (SZ) prepared under the PRC generally accepted accounting principles as at 31 December 2018 of approximately RMB9.2 million (equivalent to approximately HK\$10.7 million); (ii) the valuation premium of the SZ Property of approximately RMB1.3 million (equivalent to approximately HK\$1.5 million), being the difference between (a) the SZ Property Value of RMB5.1 million; and (b) the carrying value of the SZ Property of approximately RMB3.8 million as at 31 December 2018; (iii) the Sale Loan amount due by the Target Company to the Vendors as at the date of the this announcement in the amount of approximately HK\$9.3 million; and (iv) other factors as set out in the section headed "Reasons for benefits of the Acquisition" below.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice of the Independent Financial Adviser) consider that the consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms and is fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions

The Completion is subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions precedent:

- (i) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder;
- (ii) the Target Group having completed the Reorganisation pursuant to the Sale and Purchase Agreement and all government approvals, filing and licenses relevant to the Reorganisation having been obtained and/or completed;
- (iii) the Purchaser having received a PRC legal opinion from a PRC legal adviser, of which the form and substance shall be satisfactory to the Purchaser with respect to BuildMax (SZ);
- (iv) the receiving of the management account of the Target Group ending on the date of Completion by the Purchaser, certified by the directors of the Target Company;

- (v) the Purchaser being satisfied in its absolute discretion with the results of the due diligence review to be conducted pursuant to the terms and conditions of the Sale and Purchase Agreement;
- (vi) no event having occurred since the date of the Sale and Purchase Agreement to the Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group;
- (vii) the obtaining of all approvals and all necessary licenses for the execution and performance of Sale and Purchase Agreement and the Completion and not being revoked; and
- (viii) no material breach of the warranties and the warranties remaining true and accurate from the date of the Sale and Purchase Agreement up to the date of the Completion.

Save for conditions precedent (i) and (ii) above, the Purchaser may at its absolute discretion waive the other conditions precedent under the Sale and Purchase Agreement. If any of the above conditions is not fulfilled or waived (as the case maybe) by 30 September 2019 (or such other date as the parties to the Agreement may agree in writing), the Sale and Purchase Agreement shall terminate and neither party shall have any further obligations towards the other thereunder except for any antecedent breaches.

Completion

The Completion shall take place on the fifth Business Days after the fulfillment or waiver (as the case may be) of all the conditions precedent of the Sale and Purchase Agreement (or such other date as may be agreed in writing between the parties).

Upon the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and therefore, the financial results of the Target Group will be consolidated into the financial statements of the Group.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) provision of structural engineering works with a focus on design and building projects in Hong Kong; (ii) supply of building material products together with installation services of such products in Hong Kong; and (iii) trading of building material products predominately in Hong Kong.

The Purchaser is incorporated in the BVI with limited liability which is indirectly wholly-owned by the Company and principally engaged in investment holding.

INFORMATION OF THE TARGET GROUP

The Target Company is incorporated in Hong Kong with limited liability and is wholly-owned by the Vendors as at the date of this announcement. As at the date of this announcement, the Target Company is owned as to approximately 26.7% by Mr. Lui, approximately 26.7% by Mr. Wai, approximately 26.7% by Mr. Yip, 15.0% by Mr. Liu Yuen Wai and 5.0% by Mr. Chan Chi Ming. The Target Company is an investment holding company and wholly owns the entire equity interests of BuildMax (SZ) as at the date of announcement.

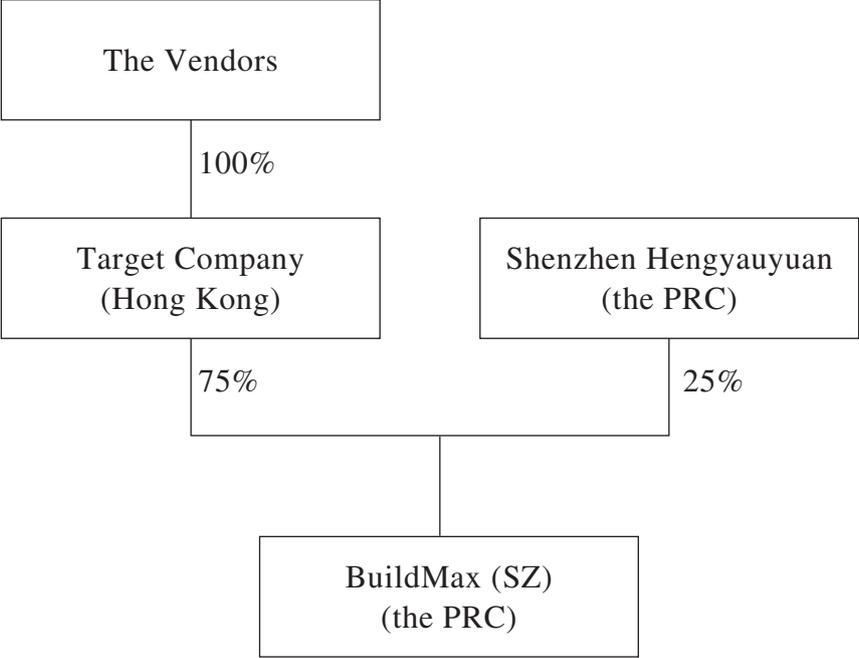
BuildMax (SZ) is principally engaged in (i) the processing, fabrication and manufacturing of building material products in the PRC; and (ii) the sales and supply of building material products predominantly to the Group in Hong Kong and to customers in the PRC.

Prior to the Reorganisation, BuildMax (SZ) was a sino-foreign equity joint venture enterprise incorporated in the PRC and was owned as to 75% by the Target Company and 25% by Shenzhen Hengyayuan, an independent third party. Pursuant to the Reorganisation, the Target Company acquired the 25% equity interests of BuildMax (SZ) from Shenzhen Hengyayuan, an independent third party, at a consideration of HK\$3 million which was determined as to the proportion of net assets value of BuildMax (SZ) with the valuation premium of the SZ Property attributable to Shenzhen Hengyayuan. The Target Company is undergoing the Reorganisation and has completed all registration of the Reorganisation, save for filing with the local authority of commerce. As at the date of this announcement, BuildMax (SZ) becomes a wholly foreign-owned enterprise in the PRC and a wholly-owned subsidiary of the Target Company.

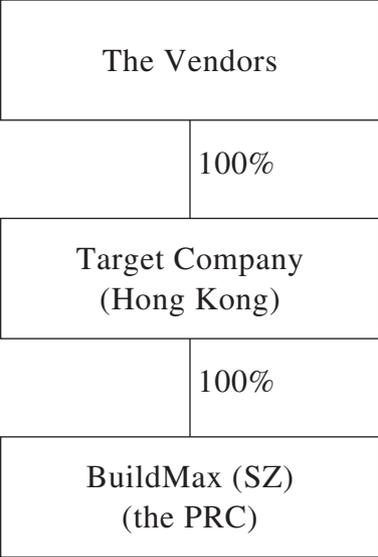
BuildMax (SZ) owns the SZ Property where comprises of an office premises with gross floor area of approximately 162.9 sq.m. and the land use rights for a term from 10 October 1994 to 9 October 2044 for commercial, office and apartment uses.

The following diagrams illustrate the shareholding structures of the Target Group (i) immediately before completion of the Reorganisation; (ii) immediately after completion of the Reorganisation; and (iii) immediately after the Completion.

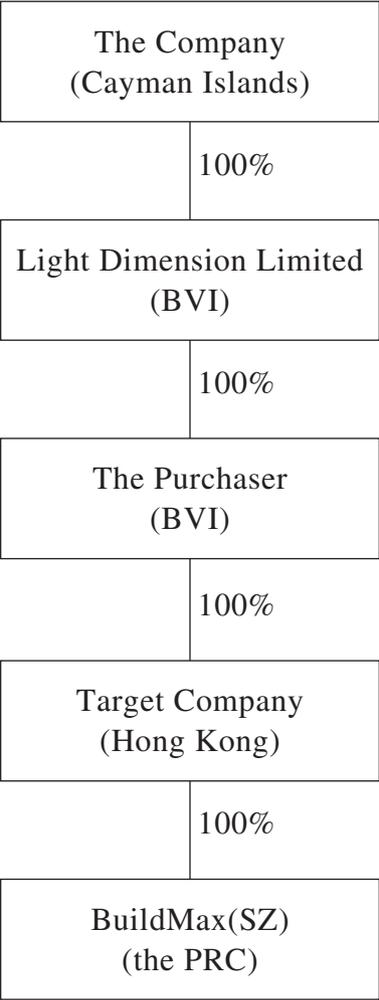
(i) *Group structure of the Target Group immediately before completion of the Reorganisation*



(ii) *Group structure of the Target Group immediately after completion of the Reorganisation*



(iii) *Group structure of the Target Group immediately after the Completion*



FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2018:

	Year ended 31 December 2017 <i>HK\$</i> <i>(approximately)</i>	Year ended 31 December 2018 <i>HK\$</i> <i>(approximately)</i>
Loss before tax	41,000	43,000
Loss after tax	41,000	43,000
	As at 31 December 2017 <i>HK\$</i> <i>(approximately)</i>	As at 31 December 2018 <i>HK\$</i> <i>(approximately)</i>
Net assets	58,000	15,000

Set out below is the audited financial information of BuildMax (SZ) for the two years ended 31 December 2018 prepared in accordance with the PRC general accepted accounting principles:

	Year ended 31 December 2017 <i>RMB</i> <i>(approximately)</i>	Year ended 31 December 2018 <i>RMB</i> <i>(approximately)</i>
Profit before tax	641,000	598,000
Profit after tax	481,000	538,000
	As at 31 December 2017 <i>RMB</i> <i>(approximately)</i>	As at 31 December 2018 <i>RMB</i> <i>(approximately)</i>
Net assets	8,739,000	9,224,000

REASONS FOR AND BENEFITS OF THE ACQUISITION

With reference to the Company's announcements dated 5 October 2018 and 19 October 2018, the Group was awarded two construction contracts with a total contract sum of approximately HK\$567 million and it is expected that an increase in demand for building material products and additional orders will be placed with BuildMax (SZ) in the future which may exceed the annual caps under the 2018 Master Supply Agreement. In order to cope with the increasing demand for building material products and the stability of supply, the Group considers that the Acquisition can maintain a long term and steady supply to the Group which in turn avoid any unnecessary disruption to the Group's business and guarantees a smooth operation of the Group.

Taking into account the above as well as the basis of determining the consideration as set out in the paragraph headed "Consideration" above, the Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the independent financial adviser) consider that the Acquisition was entered on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

References are made to the Company's announcement dated 20 April 2018 and the circular dated 25 May 2018 in relation to the 2018 Master Supply Agreement, pursuant to which, BuildMax (SZ) supplies building material products to the Group. BuildMax (SZ) is a connected person of the Company and the transactions under the 2018 Master Supply Agreement currently constitute continuing connected transactions of the Company.

Upon the Completion, BuildMax (SZ) will become an indirect wholly-owned subsidiary of the Company and cease to be a connected person of the Company. Accordingly, the transactions between the Company and BuildMax (SZ) will no longer constitute continuing connected transactions of the Group. Therefore, on 9 March 2019, the Company and BuildMax (SZ) entered into an agreement to terminate the 2018 Master Supply Agreement with effect from the Completion. Pursuant to the termination agreement, both parties agreed to terminate the 2018 Master Supply Agreement and neither party shall have any claim against the other on any ground.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction and is subject to the reporting and announcement requirements for the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Target Company is owned as to approximately 26.7% by Mr. Lui, approximately 26.7% by Mr. Wai, approximately 26.7% by Mr. Yip, 15.0% by Mr. Liu Yuen Wai and 5.0% by Mr. Chan Chi Ming.

As (i) Mr. Lui is one of the controlling shareholders of the Company and Mr. Wai and Mr. Yip are executive Directors and one of the controlling shareholders of the Company, and hence they are connected persons of the Company; and (ii) Mr. Lui, Mr. Wai and Mr. Yip together hold over 30.0% shareholding interest in the Target Company, the Target Company is therefore considered as an associate of Mr. Lui, Mr. Wai and Mr. Yip and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the continuing connected transaction contemplated under the 2018 Master Supply Agreement will be terminated, the Company issued this announcement pursuant to the requirement under Rule 14A.35 of the Listing Rules.

EGM

The EGM will be convened by the Company to seek the approval from the Independent Shareholders for the Acquisition by way of poll. Save for Mr. Lui, Mr. Wai and Mr. Yip and their respective associates, none of the Shareholders will be required to abstain from voting at the EGM in respect of the ordinary resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to, among other things, the Sale and Purchase Agreement and the transactions and matters contemplated thereunder and on how to vote. Titan Financial Services Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this respect.

GENERAL

A circular containing, among other things, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the advice and recommendations from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; and (iv) the notice of EGM will be despatched to the Shareholders on or before 12 April 2019, as additional time is required to prepare the information to be included in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“2018 Master Supply Agreement”	the new master supply agreement dated 20 April 2018 entered between the Company and BuildMax (SZ) in relation to the purchase of building material products processed, fabricated or manufactured by BuildMax (SZ) on a non-exclusive basis for the three years ending 31 March 2021;
“Acquisition”	the acquisition of the Sale Shares and the Sale Loan pursuant to the Sale and Purchase Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“BuildMax (SZ)”	BuildMax Technology (Shenzhen) Limited, currently a wholly foreign-owned enterprise incorporated in the PRC, which is wholly-owned by the Target Company;
“BVI”	the British Virgin Islands;
“Company”	KPa-BM Holdings Limited, a company incorporated in Cayman Islands and the Shares of which are traded on the Main Board of the Stock Exchange;
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and approve by poll, amongst other things, the Sale and Purchase Agreement and the transactions contemplated thereunder;

“Group”	the Company together with its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors;
“Independent Financial Adviser”	Titan Financial Services Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition;
“Independent Shareholders”	Shareholders of the Company, other than Mr. Liu, Mr. Wai and Mr. Yip and their respective associates;
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange;
“Mr. Lui”	Mr. Lui Bun Yuen, Danny, one of the controlling shareholders of the Company;
“Mr. Wai”	Mr. Wai Yat Kin, an executive Director, the chief executive officer and one of the controlling shareholders of the Company;
“Mr. Yip”	Mr. Yip Pak Hung, an executive Director, the chairman of the Board and one of the controlling shareholders of the Company;
“PRC”	the People’s Republic of China;
“Purchaser”	BUILDMAX HOLDINGS LIMITED, a company incorporated in the BVI with limited liability, which is indirectly wholly-owned by the Company;

“Reorganisation”	the corporate reorganisation of the Target Group to the effect that 25% equity interest in BuildMax (SZ) was transferred to the Target Company so that the Target Company owns the entire equity interest in BuildMax (SZ) as described in the section headed “Information of the Target Group” above;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 March 2019 and entered into between the Purchaser and the Vendors in relation to the Acquisition;
“Sale Loan”	all outstanding debts of the Target Group as at the date of Completion owed to the Vendors;
“Sale Shares”	10,000 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company;
“Share(s)”	Share(s) of HK\$0.01 each in the capital of the Company;
“Shareholders”	holder of the Share(s);
“Shenzhen Hengyaoyuan”	深圳市恒有源科技發展有限公司 (Shenzhen Hengyaoyuan Technology Development Limited*), a company established under the laws of the PRC with limited liability and is owned as to 60.0% by Mr. Liu Jian Heng and 40.0% by Mr. Xu Zu Jia, both of them are independent third parties;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SZ Property”	an office premises located at Room 1508, Ruisi Building, the Junction of Yan He South Road and Shen Nan East Road, Shenzhen, the Guangdong Province, the PRC;
“SZ Property Value”	market value of the SZ Property as stated in the valuation report prepared by the independent valuer;

“Target Company”	Hillford Trading Limited, a company incorporated in Hong Kong with limited liability, which is owned as to approximately 26.7% by Mr. Lui, 26.7% by Mr. Wai, 26.7% by Mr. Yip, 15.0% by Mr. Liu Yuen Wai and 5.0% by Mr. Chan Chi Ming;
“Target Group”	the Target Company together with BuildMax (SZ);
“Vendors”	Mr. Yip, Mr. Wai, Mr. Lui, Mr. Liu Yuen Wai and Mr. Chan Chi Ming, collectively;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent; and
“sq.m”	square metre.

By Order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Chairman and Executive Director

Hong Kong, 9 March 2019

As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board) and Mr. Wai Yat Kin and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.16.

* *For identification purposes only*