

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Kin Pang Holdings Limited
建鵬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1722)

DISCLOSEABLE TRANSACTION

**SUPPLEMENTAL AGREEMENT IN RELATION TO THE
ACQUISITION OF CERTAIN EQUITY INTEREST OF
THE TARGET COMPANY**

Reference is made to the announcement of the Company dated 23 July 2018 (the “**Announcement**”) regarding the Sale and Purchase Agreement, entered into between the Vendor (as defined in the Announcement) and the Company, in relation to the acquisition of 9.5% of entire equity interest of the Target Company (as defined in the Announcement). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

The Company would like to provide the shareholders of the Company and potential investors with further update and additional information in respect of the Acquisition.

SUPPLEMENTAL SALE AND PURCHASE AGREEMENT

The Board wishes to announce that on 9 August 2018 (after trading hours), the Company and the Vendor entered into a supplemental sale and purchase agreement (the “**Supplemental Agreement**”), pursuant to which the parties thereto agreed that (i) the consideration for the Acquisition will reduce from MOP14,500,000 to MOP10,700,000 (representing a decrease of approximately 26.2%); and (ii) the percentage of equity interest of the Target Company to be acquired by the Company under the Acquisition would reduce from 9.5% to 7.0% accordingly. Save as the aforesaid amendment, the other terms and conditions of the Sale and Purchase Agreement will remain unchanged.

INFORMATION OF THE VENDOR AND THE TARGET GROUP

The Vendor

Striding Creation (the Vendor) is an investment holding company wholly-owned by Mr. Wong Tin Chong (黃天松先生) (“**Mr. Wong**”). As confirmed by Mr. Wong, Striding Creation is used by Mr. Wong solely for holding his interest in the Target Group.

The Target Group

閩建建築工程有限公司 (Man Kin Construction Engineering Limited) (“**Man Kin**”) and 新閩建工程有限公司 (San Man Kin Engineering Limited) (“**San Man Kin**”) are the principal operating subsidiaries of the Target Group. A Hong Kong private company with limited liability (the “**HK Subsidiary**”), which is a wholly-owned subsidiary of the Target Group, was set up mainly for handling the administration affairs of the Target Company in Hong Kong without any other business activities. Each of the Target Company and Speedy Propitious is an investment holding company (i.e. solely for holding the equity interest in Man Kin, San Man Kin and the HK Subsidiary) and does not carry out any business activities on its own.

Based on the unaudited management accounts of the Target Group, the net asset value of the Target Group is approximately MOP78.2 million as at 31 December 2017. As Man Kin, San Man Kin and the HK Subsidiary are both the wholly-owned subsidiaries of Speedy Propitious, the net profits (both before and after taxation) attributable to the Target Group for the two financial years ended 31 December 2017 are set out below on a consolidated basis according to the unaudited management accounts of the Target Group:

For the financial year ended 31 December

2016		2017	
(before taxation)	(after taxation)	(before taxation)	(after taxation)
MOP'000	MOP'000	MOP'000	MOP'000
29,034	25,694	33,491	29,596

The Increase in the Share Capital

As disclosed in the Announcement, one of the Conditions for the Acquisition is the completion of the Increase in the Share Capital. As at the date of this announcement, the entire issued share capital of the Target Company (i.e. 1 share of nominal value of HK\$0.01 each) is held by the Vendor. Pursuant to the Increase in the Share Capital, further 999 shares of nominal value of HK\$0.01 each are proposed to be issued to the Vendor in order to increase the share capital of the Target Company to 1,000 shares of nominal value of HK\$0.01 each to facilitate the Acquisition.

The Reorganisation

As disclosed in the Announcement, one of the Conditions for the Acquisition is the completion of the Reorganisation. As at the date of this announcement, (i) each of the Target Company and Speedy Propitious (the intermediate holding company of the Target Group) is wholly-owned by Mr. Wong; and (ii) each of Man Kin, San Man Kin and the HK Subsidiary is wholly-owned by Speedy Propitious. Pursuant to the Reorganisation, Mr. Wong will sell, and the Target Company will purchase, the entire issued share capital of Speedy Propitious. Immediately following the completion of the Reorganisation, (i) Speedy Propitious will become a directly wholly-owned subsidiary of the Target Company; and (ii) each of Man Kin, San Man Kin and the HK Subsidiary will become an indirect wholly-owned subsidiary of the Target Company.

The sole purpose of the Reorganisation is to insert the Target Company as the holding company of the Target Group and Speedy Propitious as the intermediary holding company of the Target Group, without creating any additional rights or obligations on the Target Group.

INFORMATION OF THE SALE AND PURCHASE AGREEMENT AND THE ACQUISITION

The Consideration

As stated in the Announcement, the consideration of the Acquisition of MOP10,700,000 (as adjusted by the Supplemental Agreement) was determined after arm's length negotiation between the Company and the Vendor after having taken into account, amongst other things (i) the historical financial performance of the Target Group; and (ii) the business development and prospects of the Target Group. According to the unaudited management accounts of the Target Group, the consideration for the Acquisition represents (i) a price-to-earnings ratio of 5.16 times; and (ii) a price-to-book ratio of 1.96 times, based on the consideration of MOP10,700,000 (as adjusted by the Supplemental Agreement), and 7.0% (as adjusted by the Supplemental Agreement) of the net profit and net asset value of the Target Group for the year ended 31 December 2017.

In particular, the Board has considered the following factors, mainly including, among others, (i) the price-to-book ratio of comparable companies engaged in the Macau construction industry which are listed on the Stock Exchange; (ii) the growth of approximately 15.2% in the net profit of the Target Group (after taxation) in the financial year ended 31 December 2017 compared to the financial year ended 31 December 2016; and (iii) the prevailing market conditions and the expected growth in the Macau construction industry as a whole. Since the price-to-book ratio of the comparable companies engaged in the Macau construction industry which are listed on the Stock Exchange ranges from approximately 1.9 to 8.2 times, the Directors are of the view that the price-to-book ratio for the Acquisition (i.e. 1.96 times) is close to the low-end of the market range.

The Conditions

As stated in the Announcement, Completion is subject to the fulfilment and/or waiver of the following Conditions:

- (a) the completion of the Increase in the Share Capital;
- (b) the completion of the Reorganisation;
- (c) the completion of the due diligence review to the satisfaction of the Purchaser; and
- (d) the Warranties remain true and accurate in all aspects on the Completion Date.

While the Company (as the Purchaser) has the rights to waive the Conditions (except for Condition (a)) under the Sale and Purchase Agreement, the Board presently intends to proceed to Completion only when all the Conditions are fulfilled.

Further, based on the due diligence review conducted thus far and the negotiation between the Company and the Vendor, the Board is not aware of any circumstances which may require the Company to exercise its right of waiver under the Sale and Purchase Agreement. For the avoidance of doubt, the aforesaid rights of waiver are exercisable by the Purchaser only. In relation to the rights of waiver to the Company, the Directors consider that there is no obligation whatsoever on the part of the Company to exercise the waiver in relation to any of the Conditions. As such, the Company retains absolute discretion in determining whether to proceed to Completion in the event that any of Conditions (b) to (d) is not fulfilled. Therefore, such right of waiver provides the Company flexibility in having further negotiation with the Vendor where there is any unforeseeable difficulty on the part of the Vendor in fulfilling the Conditions, if any. Based on the aforesaid, the Directors consider that the aforesaid right of waiver is not prejudicial to the interest of the Company and the Shareholders.

In order to ensure the interest of the Company and the Shareholders, in the unlikely event that (i) any circumstances arise which may require the Company to exercise the rights of waiver; and (ii) the Company intends to exercise such rights of waiver, the Company will issue a separate announcement to inform its shareholders about its decision and the basis at least five business days prior to the Completion.

By Order of the Board
Kin Pang Holdings Limited
Kong Kin I
Chairman

Macau, 9 August 2018

As at the date of this announcement, the Board comprises (i) Mr. Kong Kin I (Chairman and Chief Executive Officer) and Ms. Choi Fong Lan as executive directors of the Company; and (ii) Mr. Cheung Wai Lun Jacky, Mr. Cheung Kin Wing and Mr. Zhao Zhipeng as independent non-executive directors of the Company.