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KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團有限公司

(Incorporated in the Ca man Islands ith limited liabilit)

(Stock Code: 148)

DISCLOSEABLE TRANSACTION

DISPOSAL OF SHARES IN CATHAY PACIFIC

The Board announces that on 5 November 2017, the Vendors (namely Kingboard Chemical, Kingboard Investments, a wholly-owned subsidiary of Kingboard Chemical and Kingboard Laminates, a non-wholly owned subsidiary of Kingboard Chemical), entered into the Agreement with the Purchaser pursuant to which Kingboard Chemical, Kingboard Investment and Kingboard Laminates as Vendors agreed to sell, and the Purchaser agreed to acquire, the Sale Shares, being 378,188,000 shares in the share capital of Cathay Pacific at a total consideration of HK$5,162,266,000.

The Disposal constitutes a discloseable transaction of Kingboard Chemical as one of the applicable percentage ratios exceeds 5% but all of the applicable percentage ratios are less than 25%, and is therefore subject to the reporting and announcement requirement under Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board announces that on 5 November 2017, the Vendors and the Purchaser entered into

Parties to the Agreement

(1)	Vendors	:	Kingboard Chemical (in respect of 44,657,000 Cathay Pacific Shares)
			Kingboard Investments, a wholly-owned subsidiary of Kingboard Chemical (in respect of 311,632,000 Cathay Pacific Shares)
			Kingboard Laminates, a non-wholly owned subsidiary of Kingboard Chemical (in respect of 21,899,000 Cathay Pacific Shares)
(2)	Purchaser	:	Qatar Airways Q.C.S.C.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent third parties and are not connected persons of Kingboard Chemical.

Subject matter of the Disposal

Pursuant to the Agreement, the Vendors agreed to sell, and the Purchaser agreed to acquire, the Sale Shares. The Sale Shares represent approximately 9.61% of the total issued share capital of Cathay Pacific as at the date of this announcement.

Consideration

The total consideration of the Disposal of HK$5,162,266,000, representing HK$13.65 per Sale Share, shall be payable by the Purchaser to the Vendors on the Closing Date in cash.

The consideration of the Disposal was determined with reference to the prevailing market price and was negotiated on an arm's length basis among the Vendors and the Purchaser.

Closing

Closing of the Disposal is expected to take place on 6 November 2017.

INFORMATION ABOUT CATHAY PACIFIC

Cathay Pacific is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange. Cathay Pacific is an international airline registered and based in Hong Kong, offering scheduled passenger and cargo services to a variety of destinations in different countries and territories. Cathay Dragon is a regional airline registered and based in Hong Kong which is wholly-owned by Cathay Pacific. Cathay Pacific also owns a certain stake in Air China, the national flag carrier and a leading provider of passenger, cargo and other airline-related services in mainland China.

According to the published financial statements of Cathay Pacific, the financial results of Cathay Pacific for the two years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 are as follows:

	For the year ended 31 December		**For the six months ended 30 June**
	2015	**2016**	**2017**
	(HK$'million)	*(HK$'million)*	*(HK$'million)*
	(audited)	(audited)	(unaudited)
Profit/(loss) before taxation	7,465	223	(1,985)
Profit/(loss) attributable to the shareholders of Cathay Pacific	6,000	(575)	(2,051)

The net asset of Cathay Pacific as at 30 June 2017 was HK$53,226,000,000 (unaudited).

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

Kingboard Chemical is an investment holding company. The Group is principally engaged in the manufacture and sale of, among other things, laminates, printed circuit boards, chemicals and magnetic products, and property development and investment. The purchase of Cathay Pacific Shares is an investment of the Group.

The Directors (including the independent non-executive Directors) consider that the Disposal represents an opportunity for Kingboard Chemical to realise its investment in Cathay Pacific.

INFORMATION OF THE PARTIES

The principal business of Kingboard Chemical is investment holding. Kingboard Chemical and its subsidiaries are engaged principally in the manufacturing and sale of, among other things, laminates, printed circuit boards, chemicals and magnetic products, and property development and investment. Kingboard Investments is a wholly-owned subsidiary of Kingboard Chemical and the principal business of which is investment holding.

Kingboard Laminates is a non-wholly owned subsidiary of Kingboard Chemical and the principal business of Kingboard Laminates is investment holding. Kingboard Laminates and its subsidiaries are engaged principally in the manufacturing and sale of laminates and related upstream component materials.

Qatar Airways Q.C.S.C. is a Qatari closed shareholding company organised and existing under the applicable laws of the State of Qatar and is the national carrier of the State of Qatar.

DEFINITIONS

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

"Agreement"	an agreement entered into among Kingboard Chemical, Kingboard Investments, Kingboard Laminates (as vendors) and the Purchaser dated 5 November 2017 pursuant to which the Vendors agreed to sell and the Purchaser agreed to acquire the Sale Shares
"Board"	the board of directors of Kingboard Chemical
"Cathay Pacific"	Cathay Pacific Airways Limited (stock code: 293), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Cathay Pacific Shares"	the ordinary shares of Cathay Pacific
"Closing Date"	6 November 2017
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of Kingboard Chemical
"Disposal"	the disposal of a total of 378,188,000 Cathay Pacific Shares for a consideration of HK$5,162,266,000 pursuant to the terms and conditions of the Agreement
"Group"	Kingboard Chemical and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Kingboard Chemical"	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange, is the ultimate holding company of Kingboard Laminates
"Kingboard Investments"	Kingboard Investments Limited, a company incorporated in Hong Kong with limited liability, and is a wholly-owned subsidiar