

H. K. E. C. L. E. H. K. L.

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Listed on the Hong Kong Stock Exchange)
(Stock Code: 148)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Annual General Meeting held on 12 September 2006, and the Shareholders' Meeting held on 12 September 2006.

On 27 October 2006, Techint, a 90% owned subsidiary of the Company, entered into the Shareholders' Agreement and the Share Purchase Agreement with Shilai. Shilai is a company which holds 30% of the equity interest in the JV, a 70% owned subsidiary of Techint, and is the effective controlling shareholder of the Company as a director of the Company, of the Listing Rules.

* For information only.

(ii) he Ne Shi ai P, cha e Ag eeme, hich e, he ge e al, e m a d, he ba i f calc, lai f, he, cha e ice a d e ice fee, hich, he Tech i e G, cha e lami a e f m, he Shi ai G, a d, bc, aq, he e ice f, he Shi ai G, f, he d, ci f PCB,

f a e m f m l Ja, a 2010, 31 Decembe 2012. The Ne Shi ai S, l Ag eeme, a d, he Ne Shi ai P, cha e Ag eeme, a e e m imila, h e e, i, he Shi ai S, l Ag eeme, a d, he Shi ai P, cha e Ag eeme.

O 19 Decembe 2009, he B a d a ed, he Ne Shi ai S, l Ag eeme, a d, he Ne Shi ai P, cha e Ag eeme, a e, i, hi a, ceme, a d, he P ed A, al Ca.

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LISTING RULES IMPLICATIONS

The C, i, i g C ec ed T a aq i a d, he P ed A, al Ca c, i, e c, i, i g c ec ed, a aq i f, he C m a, a, Cha, e 14A f, he Li, i g R, le. A, he ele a, e ce, age a i e e e, ed b, he agg ega e am, f, he C, i, i g C ec ed T a aq i a d, he P ed A, al Ca a e le, ha 2.5 e ce, a, R, le 14A.32 f, he Li, i g R, le, he C, i, i g C ec ed T a aq i a d, he P ed A, al Ca a e l, bjeq, he e, i g a d a, ceme, e, i eme, e, i R, le 14A.45, 14A.47 a d a e e m, f m I de e de, Sha eh lde, a al e, i eme, e, i Cha, e 14A f, he Li, i g R, le.

Refe e ce i made, he A, ceme, i elai, am g, he, hi g, he Shi ai S, l Ag eeme, a d, he Shi ai P, cha e Ag eeme.

O 27 Oc, be 2006, Tech i e, a 90% ed, b idia f, he C m a, e, e ed i, he Shi ai S, l Ag eeme, a d, he Shi ai P, cha e Ag eeme, i h Shi ai. Shi ai i a c m a hich h ld 30% f, he e, i e i, ed ha e ca j al f, he JV, a 70% ed, b idia f Tech i e, a d i, he ef e a, b, a, ial ha eh lde f a, b idia f, he C m a a d a c ec ed e f, he C m a, de, he Li, i g R, le.

The, a aq i c, em la ed, de, he Shi ai S, l Ag eeme, a d, he Shi ai P, cha e Ag eeme, c, i, ed -e em, c, i, i g c ec ed, a aq i f, he C m a a d ge, he i h, he a, al ca, de, he Shi ai S, l Ag eeme, a d, he Shi ai P, cha e Ag eeme, e e, bjeq, he e, i eme, f e, i g, a, ceme, a d, he a, al f I de e de, Sha eh lde. The C m a ha 8 Decembe 2006 b ai ed, he I de e de, Sha eh lde, a al i a e, a di a ge e al mee i g f, he C m a i e ec, f, he Shi ai S, l Ag eeme, he Shi ai P, cha e Ag eeme, a d, he i e ec, i e igi al a, al ca.

The above ceding, in accordance with the provisions of the financial lease agreement dated 31 December 2009.

RENEWAL OF AGREEMENTS

1. Supply of PCB by the Techwise Group to the Shirai Group

Declarations of the parties:

Particulars of the New Shirai Supply Agreement are as follows:

Date: 22 December 2009

Parties: (1) Techwise
(2) Shirai

Product to be supplied: 1. PCB by the Techwise Group to the Shirai Group, which is a limited liability company, established by the Shirai Group.

Particulars: The price which is to be payable by the Shirai Group to the Techwise Group, shall be determined by the Techwise Group, in accordance with the price of the PCB supplied by the Shirai Group.

Historical financial information:

The following table sets forth the historical sales made by the Shi ai Group and the related capital costs of the New Shi ai Special Agreement:

	Financial year ended 31 December		
	2007	2008	2009
Historical sales	HK\$556,420,000	HK\$477,381,000	HK\$251,905,000*
	Financial year ending 31 December		
	2007	2008	2009
Associated costs	HK\$618,585,000**	HK\$711,373,000**	HK\$818,079,000**
	Financial year ending 31 December		
	2010	2011	2012
Projected associated costs	HK\$374,400,000	HK\$411,840,000	HK\$453,024,000

* Actual sales for the period ended 31 December 2009.

** Actual associated costs for the period ended 31 December 2007.

The Board decided that the historical associated costs of the sales made by the Shi ai Group for each of the three financial years ended 31 December 2007, 2008 and 2009 are the full realized selling price of the same products, less the economic discount, and the related demand by the Shi ai Group for PCB. As a result, the related sales of the global economy, the Board anticipates that the overall sales of the demand for PCB for the manufacturing of electronic devices for each of the three financial years ended 31 December 2010, 2011 and 2012.

Having considered the above and the historical sales, expected growth in the demand for sales, expected sales of the demand, expected sales of the demand for the Tech i e Group, and taking into account the expected sales of the demand for PCB by the Tech i e Group for each of the three financial years ended 31 December 2010, 2011 and 2012, and the above, the Board anticipates that the overall sales of the demand for PCB for the manufacturing of electronic devices for each of the three financial years ended 31 December 2010, 2011 and 2012, the Directors are of the view that the above projected associated costs of the sales of PCB by the Tech i e Group, the Shi ai Group, of the New Shi ai Special Agreement, are fair and reasonable.

2. Purchase of laminates from and subcontract services to be contracted with the Shirai Group by the Techwise Group

Declarazione di interesse:

Partecipanti: la fidejussoria Shirai Purchase Agreement, a cui si fa riferimento:

Data: 22 Dicembre 2009

Partecipanti:
(1) Techwise
(2) Shirai

Procedura di acquisto, che è stata fatta da Shirai Group, b. Techwise Group, ad acquistare le azioni di Shirai Group, (i.e. le azioni di Shirai Group, b. Techwise Group,) f. la d. c. i. f. PCB, i. h. a. limi. a. i. he ma im, m. mi im, m (i), a. i. f. lami. a. e. be, cha ed b. he Techwise Group, ; a. d. (ii), bc. a. c. i. g. e. ice. be c. a. c. ed i. h. he Shirai Group,

Procedura: a. a. ice. hich i. le fa, able, he Techwise Group, ha. he. ice. fee a. hich, he Techwise Group, , cha e, , ld be able, , cha e, e gage, , ld be able, e gage, imila ma e ial e ice f. m I de e de. Thid. Partecipanti ha i g. ega d. he, a. i. a. d. he c. di. i. f. he, cha e. he e gage me.

Tempi: f. m. l. Ja, a. 2010, 31 Dicembre 2012, b. h. da. i. cl. i. e.

U. de. he. Ne. Shirai Purchase Agreement, he am, f. lami. a. e. be, cha ed a. d. he. e. ice. be, bc. a. c. ed a. e. fi ed b. a. e. be de e mi ed a. d. ag. eed be. ee. he. a. i. e. f. m. ime, ime. The Techwise Group, ill. be. bliga ed, cha e a mi im, m am, f. lami. a. e. f. m, bc. a. c. e. ice. be c. a. c. ed i. h. he Shirai Group, a. d. he Shirai Group, ill. be. bliga ed, ell a. e, a. i. f. lami. a. e, bc. a. c. e. ice. be c. a. c. ed i. h. he Shirai Group, d. i. g. he e m f. he. Ne. Shirai Purchase Agreement. The Shirai Group, g. a. a. c. ed i. e. i. d. f. 60 da. he Techwise Group, i. e. ec. f. he, cha e f. lami. a. e. b. he Techwise Group, f. m. he Shirai Group, .

The e m f. he. Ne. Shirai Purchase Agreement, e e a. i. ed a. a. f. e. a. m' le g. h. eg. ia. i. be. ee. he. ele a. a. i. e. The Di ec. (i. cl. di. g. he i. de e de. -e. ec. i. e. Di ec.) a. e. f. he. i. e. ha. he. e m f. he. Ne. Shirai Purchase Agreement, a. e. mal c. mme cial, e m. a. d. a. e. fai. a. d. ea. able a. d. i. he. i. e. e. f. he. C. m. a. a. d. he. Sha. eh. lde. a. a. h. le. The, a. a. c. i. , de. he. Ne. Shirai Purchase Agreement, a. e. ca. ied, i. he. di. a. a. d, , al c, e. f. b. i. e. f. he Techwise Group, .

Historical financial information:

The following table sets forth the historical financial information made available to the Board of Directors of the Techview Group and the independent auditors of the New Shanghai Purchase Agreement:

	Financial year ended 31 December		
	2007	2008	2009
Historical financial information	HK\$123,218,000	HK\$81,958,000	HK\$68,502,000*
Historical financial information	HK\$27,008,000	HK\$18,148,000	HK\$2,712,000*
	2007	2008	2009
Annual financial information	HK\$161,000,000	HK\$225,400,000	HK\$315,560,000
Annual financial information	HK\$29,260,000**	HK\$40,964,000**	HK\$57,350,000**
	Financial year ending 31 December		
	2010	2011	2012
Period financial information	HK\$100,800,000	HK\$110,880,000	HK\$121,968,000
Period financial information	HK\$3,600,000	HK\$3,960,000	HK\$4,356,000

* Audited financial information for 31 December 2009.

** Audited financial information for 10 December 2007.

The Board decided that the historical financial information made available to the Board of Directors of the Techview Group and the independent auditors of the New Shanghai Purchase Agreement for each of the three fiscal years ended 31 December 2007, 2008 and 2009 is the full, fair and true representation of the financial position of the Techview Group, the limited liability company of the New Shanghai Purchase Agreement, the limited liability company of the Techview Group. As a result of the limited liability company of the Techview Group, the Board of Directors of the Techview Group has the right to

Having considered the above and the historical, character, and conduct of the individual, the Board of Directors of the Company has decided to grant the individual a 12-month probationary period, effective from the date of his appointment. During this period, the individual's performance will be closely monitored. If the individual fails to meet the required standards, the Company reserves the right to terminate his employment without notice. The individual acknowledges that this decision is final and non-negotiable.

REASONS FOR THE SUPPLY OF PCB TO, PURCHASE OF LAMINATES FROM, AND SUBCONTRACTING TRANSACTIONS WITH THE SHIRAI GROUP

The Shirai Group has been the largest PCB customer of the Tech i e G , before and after the establishment of the JV. The JV is a strategic alliance between the Tech i e G , and the Shirai Group. The Director of the JV is responsible for the commercial activities of the JV, including the supply of PCB to the Shirai Group, the purchase of laminates from the Shirai Group, and the subcontracting transactions with the Shirai Group.

The PCB , purchased by the Shirai Group , is mainly for the Shirai Group , ' s , use . Some of the Shirai Group , ' s , use is specifically for the PCB be made by the Tech i e G , from laminates (i) produced by the Shirai Group , (i.e. the Shirai Group , ' s , self); and/ (ii) supplied by the Shirai Group . As such, the individual's demand for PCB

GENERAL

The i ci al b i e f he C m a i i e me h ldi g. The G , i i ci all e gaged i he d i a d ale f PCB, lami a e , c e f il, gla fab ic, gla a , bleached k af a e , ca ic da, f mali , e e i , he l, ac e , PVC, ac e ic acid, c ke a d me ha l.

The Shi ai G , i i ci all e gaged i he b i e f de ig a d ma , fa e f PCB.

DEFINITIONS

I hi a , ceme he f ll i g e e i ha e he mea i g e , bel , le he c e e i e he i e:

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B a d he b a d f Di e e

C m a Ki gb a d Chemical H ldi g Limi ed, a c m a i c a ed i he Ca ma I la d i h limi ed liabili a d h e ha e a eli ed he mai b a d f he S ck E cha ge

c e e d e he mea i g a c ibed i , de he Li i g R le

C i , i g C e e d he c i , i g , l f PCB he Shi ai G , , a he Ne Shi ai S l Ag eeme a d he c i , i g , cha e f lami a e a d , bc a i g e ice f m he Shi ai G , , a he Ne Shi ai P cha e Ag eeme , hich c i , e c i , i g c e e d a a i f he C m a , de he Li i g R le

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I de e de Sha eh lde () ha he mea i g a c ibed i , de R le 14A.10(5) f

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f a e mcm m l Ja , a 2010, 31 Decembe 2012

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