

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt

If you have sold or otherwise transferred

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 148)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



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B C 13 28

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

A —

A. $4\left(\frac{1}{2}x + \frac{1}{3}y\right) - 6\left(\frac{1}{4}x - \frac{1}{6}y\right) + 9\left(\frac{1}{3}x - \frac{1}{2}y\right)$

B C

A C. -

31 August 2009

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1. *Pharmaceuticals* (1997) 10: 101-102.
 2. *Pharmaceuticals* (1997) 10: 103-104.
 3. *Pharmaceuticals* (1997) 10: 105-106.
 4. *Pharmaceuticals* (1997) 10: 107-108.
 5. *Pharmaceuticals* (1997) 10: 109-110.
 6. *Pharmaceuticals* (1997) 10: 111-112.
 7. *Pharmaceuticals* (1997) 10: 113-114.
 8. *Pharmaceuticals* (1997) 10: 115-116.
 9. *Pharmaceuticals* (1997) 10: 117-118.
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C 100 -

C Control

E Experimental

Pre

Post

Target

Starting point

Car

Screen

Subject

Control

Experimental

Figure 1. Schematic representation of the experimental design. The figure is divided into two main sections: 'C' (Control) and 'E' (Experimental). Each section contains a 'Pre' phase and a 'Post' phase. In the 'Pre' phase, a subject is shown in a car, looking at a screen displaying a target (a red dot) and a starting point (a green dot). In the 'Post' phase, the subject is shown in a car, looking at a screen displaying a target (a red dot) and a starting point (a green dot). The 'C' section is labeled 'Control' and the 'E' section is labeled 'Experimental'.

$$\frac{C_1}{\rho_1} = \frac{C_2}{\rho_2}$$

The diagram illustrates the experimental setup for measuring the optical properties of a sample. A laser beam enters from the left and passes through a series of optical components. A beam splitter (BS) is used to direct the beam. Lenses (L) and mirrors (M) are positioned to focus and direct the beam. The beam passes through a sample (S) and is then detected by a detector (D). Labels A, B, and C indicate specific components or regions within the setup.

1. () -

... () ... C ... ;

F

2006 C C A A C

— () —

C. ;

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On the other hand, the β phase is a high-temperature phase, and the β phase is a high-temperature phase, and the β phase is a high-temperature phase.

..... B C -

[illegible]

DEFINITIONS

2

DEFINITIONS

[illegible][illegible]

2006 年 7 月 1 日起实施。2004 年 12 月 1 日起实施。

2006 年 7 月 1 日()- 年 月 日() 止, 共发生 起事件, 其中 起事件造成人员伤亡。2004 年 7 月 1 日至 2004 年 7 月 31 日止, 共发生 起事件, 其中 起事件造成人员伤亡。

LETTER FROM THE BOARD

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 148)

Executive Directors :

Mr. C. (Chairman)
 Mr. C.
 Mr. C.
 Mr. C.
 Mr. C.
 Mr. C.
 Mr. C.
 Mr. C.
 Mr. C.

Independent non-executive Directors :

Mr. C.
 Mr. C.
 Mr. C.

Registered Office :

C.
 B. 1043
 C.
 C.
 C.
 B.

Head Office and Principal

Place of Business :

5, B.
 C.
 2 12 A.
 C.

21, 2006

To the Shareholders, and for
 information only, the Warrant holders

1, 2006

CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

B. 27, 2006, C.
 A. 27, 2006.

3, 2004, 57%, 90%
 C. A. 30%
 70%
 C.

* For identification purpose only

LETTER FROM THE BOARD

... A ...
 ... C ...
 ... C ... 30 ... 2004 ...
 ... A ...
 ... A ...
 ... C ...
 ... C ... 3 ... 2004 ...
 ... A ...

... A ...
 A ... 31 ... 2006, ... C ... 27 ... 2006 ...
 ... :

() ... A ...
 ... CB ...

() ... A ...
 ...
 ... (...) ...
 ... CB,

... 1 ... 2007 ... 31 ... 2009. ... A ...
 ... A ...
 ... A ... A ...

... A ...
 A ... C ...
 ... (... A ... C) ...
 ...

... A ... A ... A ...
 ... B ... C ...
 ... B ... C ...

LETTER FROM THE BOARD

2. RENEWAL OF AGREEMENTS

Agreement A :

From : 27 June 2006

To :

Subject :

Reference is made to the letter from the Board dated 27 June 2006, in which the Board has decided to renew the agreement between the Board and the CB, for the period from 1 July 2007 to 31 June 2009, on the same terms and conditions as the previous agreement.

Yours faithfully,

The Chairman of the Board

1 July 2007 31 June 2009

Agreement A :

From : 27 June 2006

To :

Subject :

Reference is made to the letter from the Board dated 27 June 2006, in which the Board has decided to renew the agreement between the Board and the CB, for the period from 1 July 2007 to 31 June 2009, on the same terms and conditions as the previous agreement.

LETTER FROM THE BOARD

According to the above, the Board of Directors of the Company has decided to approve the proposed business plan for the fiscal year ending March 31, 2009, and to authorize the President to execute the business plan.

The Board of Directors of the Company has also decided to approve the proposed business plan for the fiscal year ending March 31, 2009, and to authorize the President to execute the business plan.

The Board of Directors of the Company has also decided to approve the proposed business plan for the fiscal year ending March 31, 2009, and to authorize the President to execute the business plan.

3. BUSINESS OF THE GROUP AND THE SHIRAI GROUP

The Board of Directors of the Company has also decided to approve the proposed business plan for the fiscal year ending March 31, 2009, and to authorize the President to execute the business plan.

4. REASONS FOR THE SHIRAI SUPPLY AGREEMENT AND THE SHIRAI PURCHASE AGREEMENT

The Board of Directors of the Company has also decided to approve the proposed business plan for the fiscal year ending March 31, 2009, and to authorize the President to execute the business plan.

LETTER FROM THE BOARD

5. ANNUAL CAPS

Table A shows the annual caps for 2004, 2005 and 2006 under the Original Shirai Supply Agreement/the Original Shirai Purchase Agreement:

Transactions	Annual caps for 2004, 2005 and 2006 under the Original Shirai Supply Agreement/the Original Shirai Purchase Agreement	Actual transaction amounts in 2004, 2005 and the nine months ended 30 September 2006	Annual caps for 2007, 2008 and 2009 under the Shirai Supply Agreement/the Shirai Purchase Agreement
CB	\$405,000,000, 2004 (note 1)	\$383,465,000 2004	\$562,350,000 2007
	\$445,000,000, 2005 (note 1)	\$416,149,000 2005	\$646,703,000 2008
	\$489,000,000, 2006 (note 1)	\$344,867,000 2006	\$743,708,000 2009
		30 September 2006 (note 5)	
	\$50,000,000, 2004 (note 2)	\$46,323,000 2004	\$161,000,000 2007
	\$85,000,000, 2005 (note 3)	\$72,598,000 2005	\$225,400,000 2008
	\$115,000,000, 2006 (note 4)	\$79,111,000 2006	\$315,560,000 2009
		30 September 2006 (note 5)	
	\$8,000,000, 2004 (note 2)	\$7,824,000 2004	\$26,600,000 2007
	\$13,000,000, 2005 (note 3)	\$12,704,000 2005	\$37,240,000 2008
	\$19,000,000, 2006 (note 4)	\$12,818,000 2006	\$52,136,000 2009
		30 September 2006 (note 5)	

Notes:

1. A 12-month period commencing on 1 January 2004 and ending on 31 December 2004.
2. A 12-month period commencing on 1 January 2004 and ending on 31 December 2004.
3. A 19-month period commencing on 1 January 2005 and ending on 31 December 2005.
4. A 27-month period commencing on 1 January 2006 and ending on 31 December 2006.
5. B 30 September 2006.

LETTER FROM THE BOARD

B 30 2006, A A :	
	Amount of transactions for the nine months ended 30 September 2006 (based on the unaudited management accounts of the Techwise Group)
Transactions CB A	\$344,867,000
A	\$79,111,000
A	\$12,818,000
A	\$91,929,000
A C 2006 A A 15%, 40%, 40%, () CB A ; () A () A 2007, 2008 2009.	

6. REASONS AND BENEFITS FOR THE INCREASING DEMAND OF PCB FROM, PURCHASE OF LAMINATES FROM, AND SUBCONTRACTING TRANSACTIONS WITH THE SHIRAI GROUP

CB
()
()
) / () A
CB
B
CB
CB A

LETTER FROM THE BOARD

2005 A 2004 A 8.0% (CB),
 47.0% () 62.4% (), A
 2005,
 2006 10.5% (CB), 45.3% ()
 34.5% (), B
 CB,
 A
 A

7. LISTING RULES IMPLICATIONS

A 30%
 C C
 A A
 C
 (A C)

8. EGM

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 A C A A
 A C A
 A A
 A
 A
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LETTER FROM THE BOARD

9. RECOMMENDATION

12. The Board recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2013. The Board also recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2014.

13. The Board recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2015. The Board also recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2016.

14. The Board recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2017. The Board also recommends that the Company should pay a dividend of HK\$0.05 per share for the year ended 31 March 2018.

10. ADDITIONAL INFORMATION

The Board has no other information to disclose.

B
Cheung Kwok Wing
Chairman

LETTER FROM AMS

The following is the full text of the letter of advice prepared by AMS for the purpose of inclusion in this circular.

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LETTER FROM AMS

LETTER FROM AMS

PRINCIPAL FACTORS CONSIDERED

AMS has reviewed the financial statements of the Company and the Group for the period ended 31 December 2019 and has concluded that the financial statements are fairly presented.

1. Background information

(a) Review of the operating results of the Group

(b) Review of the financial position of the Group

LETTER FROM AMS

() 31 2003 (2003-)

2003,

57.4%

CB

22.7% 15.9%,

\$450

75.7%

CB

11.6% 10.4%,

\$985.5 \$522.4

() 31 2004 (2004-)

2004,

\$7,082.4

59.7% \$4,435.5

2003.

52.8% 78.6%,

CB

25.9% 17.1%,

CB

10.5% 8.5%,

2004.

2004 \$1,956.1 \$1,196.3

() 31 2005 (2005-)

2005,

84.9% \$13,098.4

CB

\$1,832.4 \$5,284.2

A C

2005,

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C

2005.

28.1% \$4,788.4

LETTER FROM AMS

(b) Information on the Techwis 18.0fi# Informaio1 Tf2 .38 1 ec0 T. I(of app#)1HK\$ech,ofitmerma

LETTER FROM AMS

(c) *Reasons for the Shikai Supply Agreement and the Shikai Purchase Agreement*

A
 A
 A
 2006,
 A
 2009.
 A
 1
 2007. 31

A

CB

10.5% 28.0%

2003, 2004 2005

B

\$383.5

\$416.1

31

2004 2005,

20.9% 7.9%,

CB

2005

&

8.5%

2005

2004.

CB CB

[illegible]

A

0 min: stimulus

1 min: fixation cross

2 min: fixation cross

3 min: fixation cross

4 min: fixation cross

5 min: fixation cross

6 min: fixation cross

7 min: fixation cross

8 min: fixation cross

9 min: fixation cross

10 min: fixation cross

B

0 min: stimulus

1 min: fixation cross

2 min: fixation cross

3 min: fixation cross

4 min: fixation cross

5 min: fixation cross

6 min: fixation cross

7 min: fixation cross

8 min: fixation cross

9 min: fixation cross

10 min: fixation cross

LETTER FROM AMS

A
A C A
C A C

B
A C

2. The Shirai Supply Agreement

(a) *Principal terms of the Shirai Supply Agreement*

A
CB 1
2007, 31 2009,
A CB
CB

A B

LETTER FROM AMS

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..... CB
..... 30
2006. CB

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A B
75 CB
C 2005
120
2005, 2005
2005, 106
75
120 106
2005,

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75

A

LETTER FROM AMS

(b) *Rationale for determining the annual caps*

() CB 31
 2004 2005 30 2006; ()
 2004, 2005
 31 2006; ()
 31 2007, 2008 2009:

Total transaction Increase from the

LETTER FROM AMS

2020-2021
\$344.9
83%

LETTER FROM AMS

A B
A
C
CB
A
CB A
A
CB
CB
CB

A B
60
A
30 90
C 2005 31
2005, 77% 0 90
60

()
CB
()
60
A

LETTER FROM AMS

(b) *Rationale for determining the annual caps*

()

31 ↑ 2004 2005

30 2006; ()

2004, 2005 31 ↑ 2006; ()

31 ↑ 2007,

2008, 2009:

	Total transaction amounts (HK\$'000)	Increase from the preceding year (%)
Purchase of laminates		
<i>Actual transaction amounts:</i>		
2004	46,323	/A
2005	72,598	56.7
30 2006	79,111	45.3
		<i>(on annualized basis)</i>
<i>Approved annual caps:</i>		
2004	50,000	/A
2005	85,000	70.0
2006	115,000	35.3
<i>Proposed annual caps:</i>		
2007	161,000	40.0
2008	225,400	40.0
2009	315,560	40.0

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	Total transaction amounts (HK\$'000)	Increase from the preceding year (%)
--	--	--

Procurement of subcontracting services

Actual transaction amounts:

2004	7,824	/A
2005	12,704	62.4
30 2006	12,818	34.5

(on annualized basis)

Approved annual caps:

2004	8,000	/A
2005	13,000	62.5
2006	19,000	46.2

Proposed annual caps:

2007	26,600	40.0
2008	37,240	40.0
2009	52,136	40.0

A B CB

() /

CB

B

A

2006 A

40%

A

2004 \$46.3 92.6%

2005, \$50 2004. 56.7%

LETTER FROM AMS

2004 2005
98% 30%
2006 2005.

2004 2005
2005 2004
27 2006
31 2006

A
2003 2005 51.0%,
48.5%.

()
()

51.0% 48.5%,
40%
()

A \$161,000,000, \$225,400,000 \$315,560,000
31 2007, 2008 2009 ()
A \$26,600,000, \$37,240,000
\$52,136,000 31 2007, 2008
2009

4. Annual review of the terms of the Continuing Connected Transactions and the Annual Caps

C
C A C
31 2007, 2008 2009,
C C A C

LETTER FROM AMS

RECOMMENDATION

() _____ A C

LETTER FROM AMS

B
A A C
A C
A
B C
A A
A C

AMS Corporate Finance Limited

Jinny Mok

Director

1. RESPONSIBILITY STATEMENTS

A

2. MATERIAL ADVERSE CHANGE

A 31 2005,

3. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the Company and its associated corporations

A C () C 7 8 () 352 C F C :

(i) Interest (long positions) in the Company

Name of Director	Interest in underlying Shares pursuant to share options (note)	Interest in underlying Shares pursuant to the 2006 Warrants	Interest in the Shares	% of the issued share capital of the Company
C	1,145,000	116,816	3,282,150	0.40
C	3,026,000	48,100	1,399,540	0.17
C	3,559,000	70,052	750,000	0.09
C	3,559,000		917,370	0.11
C	3,308,000	194,920	1,582,800	0.19
C	3,419,000	102,662	573,200	0.07
C	3,363,000	201,526	1,900,500	0.23
C	3,643,000	248,750	2,428,500	0.29
C, C			660,000	0.08
C			50,000	0.01

Note:

11 2002, \$3.74 15 2002, 2 2012.

(ii) Interest (long positions) in the associated corporations of the Company

Name of Director	Interest in the non-voting deferred shares (note 1)	Interest in the shares (note 2)		Interest in the underlying shares pursuant to the share options (note 3)
		No. of shares	% of shareholding	
C	1,904,400	177,600	0.10%	973,200
C	1,481,200		%	973,200
	581,900		%	
C	529,000		%	
C	1,058,000	278,400	0.16%	973,200
C	846,400		%	
C	952,200		%	
C	423,200		%	973,200
C, C		74,000	0.04%	973,200

Notes:

- (1) \$1.00 C
- (2) \$0.80 & C (EEIC-), C
- (3) \$2.033 C 26 2006, 26 2007, 26 2008, 26 2009, 26 2010, 24 2010.

C C () () C 7 8 () 352 () C C

A

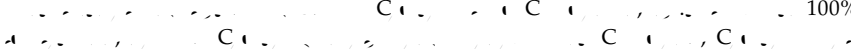
C

2 3

C

10%

Notes:

- (1)  C
- (2)  2006
- (3)  100%
- (4)  F

C
C
2, 3
10%
C

4. COMPETING INTEREST

A
C
C

5. DIRECTORS' INTEREST IN SERVICE CONTRACTS

A
()

6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

A
31, 2005,
C
C

7. EXPERT'S QUALIFICATION AND CONSENT

- () A 4 ()
6 () 9 ()
() A A
C ()
C

() C 26 C 28 F

() F C

10. DOCUMENTS AVAILABLE FOR INSPECTION

C. *Chlorophyll a* and *Chlorophyll b* concentrations

NOTICE OF EGM

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Incorporated in the Cayman Islands with limited liability)

(stock code: 148)

NOTICE IS HEREBY GIVEN,

that the 2006 Annual General Meeting of the Company will be held on Friday, 21 April 2006, at 9:30 a.m. at the Kingboard Chemical Holdings Limited, 12th Floor, A, 88, Queen's Road East, Hong Kong.

THAT

the Company's 2006 Annual General Meeting will be held on Friday, 21 April 2006, at 9:30 a.m. at the Kingboard Chemical Holdings Limited, 12th Floor, A, 88, Queen's Road East, Hong Kong.

THAT

the Company's 2006 Annual General Meeting will be held on Friday, 21 April 2006, at 9:30 a.m. at the Kingboard Chemical Holdings Limited, 12th Floor, A, 88, Queen's Road East, Hong Kong.

B
Kingboard Chemical Holdings Limited
Lo Ka Leong
Company Secretary

, 21 April 2006

* For identification purpose only

NOTICE OF EGM

Head Office and

Principal Place of Business in Hong Kong

5. B.

.....C.....

2 12 A

“...and the

Notes:

- [illegible]