KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(I C m I m)

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CONTINUING CONNECTED TRANSACTIONS

Refe e ce i made he A ceme i ela i , 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 i 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 ac 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 ac 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 bjec 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 hei e ec i e igi al a al ca .

The ab e c i i g c ec ed a ac i ill c i e f ll i g he e i a i f he fi a cial ea e di g 31 Decembe 2009.

RENEWAL OF AGREEMENTS

Si ce he Shi ai S , l Ag eeme a d he Shi ai P cha e Ag eeme ill e i e 31 Decembe 2009, he C m a ha 22 Decembe 2009 e e ed i he f ll i g ag eeme :

(i) he Ne Shi ai S , l Ag eeme hich e he ge e al e m a d he ba i f calc la i f he ale ice hich he Tech i e G lie PCB he Shi ai G ; a d

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(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 la i 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 ac he e ice f he Shi ai G f he d c i f PCB,

f a e m f m 1 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 .

The Di ec (i cl di g he i de e de -e ec i e Di ec) c ide ha he C i i g C ec ed T a ac i ha e bee c d c ed mal c mme cial e m a d i he di a a d al c e f b i e f he G , 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, a d ha he P ed A al Ca a e fai a d ea able.

LISTING RULES IMPLICATIONS

The C i i g C ec ed T a ac i a d he P ed A al Ca c i e c i i g c ec ed a ac 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 ed b he agg ega e am f he C i i g C ec ed T a ac 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 ac i a d he P ed A al Ca a e l bjec he e i g a d a ceme e i eme e i R le 14A.45 14A.47 a d a e e em 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 ela i , 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 i 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 ac 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 ac 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 bjec 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 hei e ec i e igi al a al ca .

The ab e c i i g c ec ed a ac i ill c i e f ll i g he e i a i f he fi a cial ea e di g 31 Decembe 2009.

RENEWAL OF AGREEMENTS

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

D :

Pa ic la f he Ne Shi ai S l Ag eeme a e e bel :

Da e :	22 Decembe 2009
Pa ie :	(1) Tech i e (2) Shi ai
P d c be lied:	l f PCB b he Tech i e G he Shi ai G , i h a limi a i he ma im m mi im m a i be cha ed b he Shi ai G
P ici g:	a a ice hich i m e fa able he Shi ai G ha he ice a hich he Tech i e G ell imila d c I de e de Thi d Pa ie ha i g ega d he a i a d he c di i f he ale
Te m:	f m 1 Ja a 2010 31 Decembe 2012, b h da i cl i e

U de he Ne Shi ai S l Ag eeme , he am f PCB be lied i fi ed b i be de e mi ed a d ag eed be ee he a ie f m ime ime. The Tech i e G ill be bliga ed l a mi im m am f PCB he Shi ai G a d he Shi ai G ill be bliga ed cha e a e a i f PCB f m he Tech i e G d i g he e m f he Ne Shi ai S l Ag eeme . The Tech i e G g a a c edi e i d f 75 da he Shi ai G i e ec f he ale f PCB b he Tech i e G he Shi ai G .

The e m f he Ne Shi ai S l Ag eeme e e a i ed a af e a m' le g h eg ia i be ee he ele a a ie . The Di ec (i cl di g he i de e de - e ec i e Di ec) a e f he ie ha he e m f he Ne Shi ai S l Ag eeme 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 ac i de he Ne Shi ai S l Ag eeme a e ca ied i he di a a d al c e f b i e f he Tech i e G .

H m :

The f ll i g able e f h he hi ical ale made he Shi ai G a d he ed a al ca f he Ne Shi ai S l Ag eeme :

	Financial year ended 31 December		
	2007	**2008**	**2009**
Hi ical ale	HK$556,420,000	HK$477,381,000	HK$251,905,000*
	2007	**2008**	**2009**
A al ca	HK$618,585,000**	HK$711,373,000**	HK$818,079,000**
	Financial year ending 31 December		
	2010	**2011**	**2012**
P ed a al ca	HK$374,400,000	HK$411,840,000	HK$453,024,000

* *A m m 31 2009.*
** *A I 10 D m 2007.*

The B a d iced ha he hi ical a al ca f he ale made he Shi ai G f each f he h ee fi a cial ea e ded 31 Decembe 2007, 2008 a d 2009 e e f ll ili ed d i g he ame e i d a a e l f he ec mic d a d he l d i dema d b he Shi ai G f PCB. A a e l f he l d i he gl bal ec m , he B a d a ici a e ha he e ill l be a ead i c ea e i dema d f PCB f he ma fac i g f elec ic d c i each f he h ee fi a cial ea e di g 31 Decembe 2010, 2011 a d 2012.

Ha i g c ide ed he ab e a d he hi ical ale , e ec ed g h i d c i a d ale , e ec ed i c ea e i dema d, e ec ed i c ea e i d c i ca aci f he Tech i e G , a d aki g i c ide a i he e ima ed i c ea e i he ice f he ale f PCB b he Tech i e G f each f he fi a cial ea e di g 31 Decembe 2010, 2011 a d 2012, a d he a m i ha he e ill be a a al i c ea e f a ima el 10 e ce . i 2010, 2011 a d 2012, he Di ec a e f he ie ha he ab e ed a al ca i e ec f he ale f PCB b he Tech i e G he Shi ai G de he Ne Shi ai S l Ag eeme a e fai a d ea able.

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

D :

Pa ic la f he Ne Shi ai P cha e Ag eeme a e e bel :

Da e :	22 Decembe 2009
Pa ie :	(1) Tech i e (2) Shi ai
P d c a d e ice be cha ed:	cha e f lami a e f m he Shi ai G b he Tech i e G a d bc ac i g he e ice f Shi ai G (i.e. he i i f d illi g e ice b he Shi ai G he Tech i e G) f he 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 Tech i e G ; a d (ii) bc ac i g e ice be c ac ed i h he Shi ai G
P ici g:	a a ice hich i le fa able he Tech i e G ha he ice fee a hich he Tech i e G 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 Thi d Pa ie ha i g ega d he a i a d he c di i f he cha e he e gageme
Te m:	f m 1 Ja a 2010 31 Decembe 2012, b h da i cl i e

U de he Ne Shi ai P cha e Ag eeme , he am f lami a e be cha ed a d he e ice be bc ac ed a e fi ed b a e be de e mi ed a d ag eed be ee he a ie f m ime ime. The Tech i e G ill be bliga ed cha e a mi im m am f lami a e f m bc ac e ice be c ac ed i h he Shi ai G a d he Shi ai G ill be bliga ed ell a e a i f lami a e bc ac e ice be c ac ed i h he Shi ai G d i g he e m f he Ne Shi ai P cha e Ag eeme . The Shi ai G g a a c edi e i d f 60 da he Tech i e G i e ec f he cha e f lami a e b he Tech i e G f m he Shi ai G .

The e m f he Ne Shi ai P cha e Ag eeme e e a i ed a af e a m' le g h eg ia i be ee he ele a a ie . The Di ec (i cl di g he i de e de -e ec i e Di ec) a e f he ie ha he e m f he Ne Shi ai P cha e Ag eeme 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 ac i de he Ne Shi ai P cha e Ag eeme a e ca ied i he di a a d al c e f b i e f he Tech i e G .

H m :

The f ll i g able e f h he hi ical cha e made a d he e ice bc ac ed b he Tech i e G a d he ed a al ca f he Ne Shi ai P cha e Ag eeme :

	Financial year ended 31 December		
	2007	**2008**	**2009**
Hi ical cha e	HK$123,218,000	HK$81,958,000	HK$68,502,000*
Hi ical bc ac i g a ac i	HK$27,008,000	HK$18,148,000	HK$2,712,000*
	2007	**2008**	**2009**
A al ca f cha e	HK$161,000,000	HK$225,400,000	HK$315,560,000
A al ca f bc ac i g a ac i	HK$29,260,000**	HK$40,964,000**	HK$57,350,000**
	Financial year ending 31 December		
	2010	**2011**	**2012**
P ed a al ca f cha e	HK$100,800,000	HK$110,880,000	HK$121,968,000
P ed a al ca f bc ac i g a ac i	HK$3,600,000	HK$3,960,000	HK$4,356,000

* *A m m 31 2009.*
** *A I 10 D m 2007.*

The B a d iced ha he hi ical a al ca f cha e a d bc ac i g a ac i f each f he h ee fi a cial ea e ded 31 Decembe 2007, 2008 a d 2009 e e f ll ili ed d i g he ame e i d. A he dema d f PCB b he Shi ai G i c - ela ed he dema d f lami a e a d d illi g e ice b he Tech i e G , he l d i dema d b he Shi ai G f PCB lead he l d i dema d f lami a e a d d illi g e ice b he Tech i e G . A a e l f he l d i he gl bal ec m , he B a d a ici a e ha he e ill l

Ha i g c ide ed he ab e a d he hi ical cha e , e ec ed g h i d c i a d ale , e ec ed i c ea e i dema d, e ec ed i c ea e i d c i ca aci f he Tech i e G , a d aki g i c ide a i he e ima ed i c ea e i he ice f he ale f lami a e b he Shi ai G a d he bc ac i g e ice be c ac ed i h he Shi ai G f he fi a cial ea e di g 31 Decembe 2010, 2011 a d 2012, a d he a m i ha he e ill be a a al i c ea e f a ima el 10 e ce . i 2010, 2011 a d 2012, he Di ec a e f he ie ha he ab e ed a al ca i e ec f he cha e f lami a e f m a d he bc ac i g e ice be c ac ed i h he Shi ai G de he Ne Shi ai P cha e Ag eeme a e fai a d ea able.

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

The Shi ai G ha bee e f he la ge PCB c me f he Tech i e G bef e a d af e he e abli hme f he JV. The JV a e a a a egic allia ce be ee he Tech i e G a d he Shi ai G . The Di ec he ef e c ide ha i i he c mme cial i e e f he Tech i e G ell PCB he Shi ai G mal c mme cial e m .

The PCB cha ed b he Shi ai G a e mai l f e ale he Shi ai G ' c me . S me f he Shi ai G ' c me ecificall e i e ha he PCB be made b he Tech i e G f m lami a e (i) d ced b ce ai ma fac e (i cl di g he Shi ai G i elf); a d/ (ii) d illed b he Shi ai G . A ch, he i c ea i g dema d f 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 c 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, ace e, PVC, ace 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 fac 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:

A ceme	he a ceme f he C m a da ed 27 Oc be 2006, 8 Decembe 2006 a d 31 Oc be 2007, e ec i el , i ela i , am g he hi g , he Shi ai S l Ag eeme a d he Shi ai P cha e Ag eeme
B a d	he b a d f Di ec
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 e li ed he mai b a d f he S ck E cha ge
c ec ed e	he mea i g a c ibed i de he Li i g R le
C i i g C ec ed T a ac i	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 ac 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 ec ed a ac i f he C m a de he Li i g R le
Di ec ( )	di ec ( ) f he C m a
G	he C m a a d i b idia ie
HK$	H g K g d lla , he la f l c e c f H g K g
H g K g	H g K g S ecial Admi i a i e Regi f he Pe le' Re blic f Chi a
I de e de Sha eh lde ( )	ha he mea i g a c ibed i de R le 14A.10(5) f

I de e de Thi d Pa (ie)	a e ( ) c m a (ie) h / hich i a e i de e de f a d c ec ed i h he C m a a d i c ec ed e
JV	Tech i e Shi ai Ci c i Limi ed, a c m a i c a ed i H g K g a d i ed a 70% b Tech i e a d 30% b Shi ai
Li i g R le	R le G e i g he Li i g f Sec i ie The S ck E cha ge f H g K g Limi ed
Ne Shi ai P cha e Ag eeme	he ag eeme da ed 22 Decembe 2009 e e ed i be ee Tech i e a d Shi ai i ela i he cha e f lami a e f m he Shi ai G a d he bc ac i g e ice f he Shi ai G f he d c i f PCB, f a e m f m 1 Ja a 2010 31 Decembe 2012
Ne Shi ai S l Ag eeme	he ag eeme da ed 22 Decembe 2009 e e ed i be ee Tech i e a d Shi ai i ela i he ale f PCB he Shi ai G b he Tech i e G f a e m f m 1 Ja a 2010 31 Decembe 2012
PCB	i ed ci c i b a d
P ed A al Ca	he ed a al ca f each f he C i i g C ec ed T a ac i f each f he h ee fi a cial ea e di g 31 Decembe 2010, 2011 a d 2012
Sha eh lde ( )	h lde ( ) f he Sha e
Sha e( )	di a ha e( ) f mi al al e f HK$0.10 each i he i ed ha e ca i al f he C m a
Shi ai	Shi ai Elec ic I d ial C ., L d., a c m a i c a ed a d li ed i Ja a ; Shi ai i e e l h ldi g 30% f he i ed ha e ca i al f he JV a d, a e f i ha eh ldi g i he JV, i a I de e de Thi d Pa
Shi ai G	Shi ai a d i b idia ie
Shi ai P cha e Ag eeme	he ag eeme da ed 27 Oc be 2006 e e ed i be ee Tech i e a d Shi ai i ela i he cha e f lami a e f m he Shi ai G a d he bc ac i g e ice f he Shi ai G f he d c i f PCB f a e m f m 1 Ja a 2007 31 Decembe 2009