

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

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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 15 March 2006, and the Shareholders' Meeting held on 15 March 2006, and the Shareholders' Meeting held on 15 March 2006.

On 27 October 2006, Techint, a 90% owned subsidiary of the Company, entered into the Shareholders' Agreement and the Share Purchase Agreement with the Shareholders. Techint, a 90% owned subsidiary of the Company, entered into the Shareholders' Agreement and the Share Purchase Agreement with the Shareholders. Techint, a 90% owned subsidiary of the Company, entered into the Shareholders' Agreement and the Share Purchase Agreement with the Shareholders.

* 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.

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 aq i ha e bee c d, 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 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 Techwise Group to 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 10 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 alla presente Ne Shirai Purchase Agreement sono:

Data: 22 Dicembre 2009

Partecipanti:
(1) Techwise
(2) Shirai

Produttore di laminati, che Shirai Group, b, Techwise Group, ad, bc, ac, ig, he e ice f Shirai Group, (i.e. he i i f d illi g e ice b he Shirai Group, he Techwise Group,) 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 Techwise Group, ; a d (ii), bc, ac, ig e ice be c, ac ed i h, he Shirai Group,

Partecipanti: 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 gageme,

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

Unde he Ne Shirai Purchase Agreement, 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 ed be ee he a, ie 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, ac e ice be c, ac 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, ac e ice be c, ac ed i h, he Shirai Group, d, i g, he e m f, he Ne Shirai Purchase Agreement. The Shirai Group, ga, 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 afe 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 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 ac 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, .

The following table reflects the historical change made and the evidence, based on the Technical Group's additional analysis of the New South Wales Primary Agreement:

		Financial year ending 31 December		
		2010	2011	2012
Pf	ed a , al ca r, cha e	HK\$100,800,000	HK\$110,880,000	HK\$121,968,000
Pf	ed a , al ca r, bc t a i g a a i	HK\$3,600,000	HK\$3,960,000	HK\$4,356,000

*** *A* *I* 10 D. 2007.

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

The PCB, changed by the Shi ai G, a email f e ale, the Shi ai G, ' c, me. S me f, the Shi ai G, ' c, me ecificall e, i e, ha, the PCB be made b, the Tech i e G, f m lami a e (i) d, ced b ce, ai ma, fac, e (i cl, di g, the Shi ai G, i elf); a d/ (ii) d illed b, the Shi ai G, . A, ch, the 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 ç 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, aç e , PVC, aç 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 , faç , 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 eç i el , i elai , 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 eç

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

C i , i g C eç ed 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 aç 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 eç ed a aç i f he C m a , de he Li i g R le

Di eç () di eç () 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

☒ IV 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 elai he , cha e
f lami 8 T cm m, he Shi ai G , a d, he , bc a c i g
e ice f, he Shi ai G , f, he d, c i f PCB,
f a e mcm m l 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 elai he ale f
PCB, he Shi ai G , b, he Tech i e G , f a
e mcm m l 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 a c i f each f, he, h ee fi 8 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 8l al, e f HK\$0.10 each i ☒ Sha eh02.5(

Shi ai S, l Ag eeme, he ag eeme, da ed 27