H K E C L E H K L

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(I C I)

(Stock Code: 148)

CONTINUING CONNECTED TRANSACTIONS

Refe e ce i ade t the A ce e t i elati t , a g the thi g , the Shi ai S l Ag ee e t a d the Shi ai P cha e Ag ee e t.

O 27 Oct be 2006, Tech i e, a 90% ed b idia f the C a , e te ed i t the Shi ai S l Ag ee e t a d the Shi ai P cha e Ag ee e t ith Shi ai. Shi ai i a c a hich h ld 30% f the e ti e i ed ha e ca ital f the JV, a 70% ed b idia f Tech i e, a d i the ef e a b ta tial ha eh lde f a b idia f the C a a d a c ected e f the C a de the Li ti g R le.

* *F*

(ii) the Ne Shi ai P. cha e Ag ee e t hich et . t the ge e al te a d the ba i f calc. lati f the . cha e ice a d e ice fee . hich the Tech i e G . . cha e la i ate f the Shi ai G . a d . bc t act the e ice f the Shi ai G . f the d. cti f PCB,

f a te f 1 Ja . a 2010 t 31 Dece be 2012. The Ne Shi ai S. l Ag ee e t a d the Ne Shi ai P. cha e Ag ee e t a e te i ila t th e et . t i the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t.

O 19 Dece be 2009, the B a d a ed the Ne Shi ai S. l Ag ee e t a d the Ne Shi ai P. cha e Ag ee e t a et . t i thi a . ce e t a d the P ed A . al Ca .

The Di ect (i cl. di g the i de e de t -ex. ec. ti e Di ect) c ide that the C ti . i g C ected T a acti ha e bee c d. cted al c e cial te a d i the di a a d. . al c . e f b. i e f the G . , a e fai a d ea able a d i the i te e t f the C a a d the Sha eh lde a a h le, a d that the P ed A . al Ca a e fai a d ea able.

LISTING RULES IMPLICATIONS

The C ti . i g C ected T a acti a d the P ed A . al Ca c tit. te c ti . i g c ected t a acti f the C a . . a t t Cha te 14A f the Li ti g R. le . A the ele a t e ce tage ati e e e ted b the agg egate a . t f the C ti . i g C ected T a acti a d the P ed A . al Ca a e le tha 2.5 e ce t., . . a t t R. le 14A.32 f the Li ti g R. le , the C ti . i g C ected T a acti a d the P ed A . al Ca a e l . bject t the e ti g a d a . ce e t e . ie e t et . t i R. le 14A.45 t 14A.47 a d a e ex. e t f I de e de t Sha eh lde ' a al e . ie e t et . t i Cha te 14A f the Li ti g R. le .

Refe e ce i ade t the A . ce e t i elati t , a g the thi g , the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t.

O 27 Oct be 2006, Tech i e, a 90% ed . b idia f the C a , e te ed i t the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t ith Shi ai. Shi ai i a c a hich h ld 30% f the e ti e i . ed ha e ca ital f the JV, a 70% ed . b idia f Tech i e, a d i the ef e a . b ta tial ha eh lde f a . b idia f the C a a d a c ected e f the C a . de the Li ti g R. le .

The t a acti c te lated . de the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t c tit. ted -ex. e t c ti . i g c ected t a acti f the C a a d t gethe ith the a . al ca . de the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t e e . bject t the e . ie e t f e ti g, a . ce e t a d the a al f I de e de t Sha eh lde . The C a ha 8 Dece be 2006 bt ai ed the I de e de t Sha eh lde ' a al i a ex. t a di a ge e al eeti g f the C a i e ect f the Shi ai S. l Ag ee e t, the Shi ai P. cha e Ag ee e t a d thei e ecti e igi al a . al ca .

The ab e c ti . i g c ected t a acti ill c ti . e f ll i g the ex. i ati f the fi a cial ea e di g 31 Dece be 2009.

RENEWAL OF AGREEMENTS

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

D :

Pa tic. la f the Ne Shi ai S. l Ag ee e t a e et . t bel :

Date : 22 Dece be 2009

Pa tie : (1) Tech i e
(2) Shi ai

P d. ct t be . lied: . l f PCB b the Tech i e G . t the Shi ai G . ,
ith . t a li itati the ax. i . i i . . a tit
t be . cha ed b the Shi ai G .

P ici g: at a ice hich i t e fa . able t the Shi ai G .
tha the ice at hich the Tech i e G . ell i ila
d. ct t I de e de t Thi d Pa tie tit P Ihe

H [illegible] :

The f ll i g table et f th the hi t ical ale ade t the Shi ai G . a d the ed a . al ca f the Ne Shi ai S. l Ag ee e t:

	Financial year ended 31 December		
	2007	**2008**	**2009**
Hi t 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* [illegible] *31* [illegible] *2009.*
** *A* [illegible] *I* [illegible] *10 D* [illegible] *2007.*

The B a d ticed that the hi t ical a . al ca f the ale ade t the Shi ai G . f each f the th ee fi a cial ea e ded 31 Dece be 2007, 2008 a d 2009 e e t f. ll . tili ed d. i g the a e e i d a a e . lt f the ec ic d t. a d the l d i de a d b the Shi ai G . f PCB. A a e . lt f the l d i the gl bal ec , the B a d a tici ate that the e ill l be a tead i c ea e i de a d f PCB f the a . fact. i g f elect ic d. ct i each f the th ee fi a cial ea e di g 31 Dece be 2010, 2011 a d 2012.

Ha i g c ide ed the ab e a d the hi t ical ale , ex. ected g th i d. cti a d ale , ex. ected i c ea e i de a d, ex. ected i c ea e i d. cti ca acit f the Tech i e G . , a d taki g i t c ide ati the e ti ated i c ea e i the ice f the ale f PCB b the Tech i e G . f each f the fi a cial ea e di g 31 Dece be 2010, 2011 a d 2012, a d the a . ti that the e ill be a a . al i c ea e f a x. i ate l 10 e ce t. i 2010, 2011 a d 2012, the Di ect a e f the ie that the ab e ed a . al ca i e ect f the ale f PCB b the Tech i e G . t the Shi ai G . . de the Ne Shi ai S. l Ag ee e t 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[illegible]:

Pa tic la f the Ne Shi ai P cha e Ag ee e t a e et t bel :

Date:	22 Dece be 2009
Pa tie :	(1) Tech i e (2) Shi ai
P d ct a d e ice t be cha ed:	cha e f la i ate f the Shi ai G b the Tech i e G a d bc t acti g the e ice f Shi ai G (i.e. the i i f d illi g e ice b the Shi ai G t the Tech i e G) f the d cti f PCB, ith t a li itati the a x. i i (i) a tit f la i ate t be cha ed b the Tech i e G ; a d (ii) bc t acti g e ice t be c t acted ith the Shi ai G .
P ici g:	at a ice hich i t le fa able t the Tech i e G tha the ice fee at hich the Tech i e G cha e, ld be able t cha e, e gage ld be able t e gage, i ila ate ial e ice f I de e de t Thi d Pa tie ha i g ega d t the a tit a d the c diti f the cha e the e gage e t
Te :	f 1 Ja a 2010 t 31 Dece be 2012, b th da i cl i e

U de the Ne Shi ai P cha e Ag ee e t, the a t f la i ate t be cha ed a d the e ice t be bc t acted a e t fi ed b t a e t be dete i ed a d ag eed bet ee the a tie f ti e t ti e. The Tech i e G ill t be bligated t cha e a i i a t f la i ate f bc t act e ice t be c t acted ith the Shi ai G a d the Shi ai G ill t be bligated t ell a et a tit f la i ate t bc t act e ice t be c t acted ith the Shi ai G d i g the te f the Ne Shi ai P cha e Ag ee e t. The Shi ai G g a t a c edit e i d f 60 da t the Tech i e G i e ect f the cha e f la i ate b the Tech i e G f the Shi ai G .

The te f the Ne Shi ai P cha e Ag ee e t e e a i ed at afte a ' le gth eg tiati bet ee the ele a t a tie . The Di ect (i cl di g the i de e de t -e ec ti e Di ect) a e f the ie that the te f the Ne Shi ai P cha e Ag ee e t a e al c e cial te a d a e fai a d ea able a d i the i te e t f the C a a d the Sha eh lde a a h le. The t a acti de the Ne Shi ai P cha e Ag ee e t a e ca ied t i the di a a d al c e f b i e f the Tech i e G .

H :

The following table sets forth the historical purchase prices charged by the Technology Group and the associates of the New Shiai Purchase Agreement:

	Financial year ended 31 December		
	2007	**2008**	**2009**
Historical purchase price	HK$123,218,000	HK$81,958,000	HK$68,502,000*
Historical purchasing power	HK$27,008,000	HK$18,148,000	HK$2,712,000*

	2007	**2008**	**2009**
Annual cap for purchase price	HK$161,000,000	HK$225,400,000	HK$315,560,000
Annual cap for purchasing power	HK$29,260,000**	HK$40,964,000**	HK$57,350,000**

	Financial year ending 31 December		
	2010	**2011**	**2012**
Proposed annual cap for purchase price	HK$100,800,000	HK$110,880,000	HK$121,968,000
Proposed annual cap for purchasing power	HK$3,600,000	HK$3,960,000	HK$4,356,000

* *As ... 31 ... 2009.*
** *As ... I ... 10 D... 2007.*

The Board noticed that the historical annual caps for purchase price and purchasing power for each of the three financial years ended 31 December 2007, 2008 and 2009 were not fully utilised during the relevant period. As the decrease in PCB by the Shiai Group is closely related to the decrease in relevant additional service by the Technology Group, the level of decrease by the Shiai Group for PCB led to the level of decrease in relevant additional service by the Technology Group. As a result of the level in the global economy, the Board anticipates that there will l

Ha i g c ide ed the ab e a d the hi t ical . cha e , ex. ected g th i d cti a d ale , ex. ected i c ea e i de a d, ex. ected i c ea e i d cti ca acit f the Tech i e G . , a d taki g i t c ide ati the e ti ated i c ea e i the ice f the ale f la i ate b the Shi ai G . a d the . bc t acti g e ice t be c t acted ith the Shi ai G . f the fi a cial ea e di g 31 Dece be 2010, 2011 a d 2012, a d the a . ti that the e ill be a a . al i c ea e f a x. i atel 10 e ce t. i 2010, 2011 a d 2012, the Di ect a e f the ie that the ab e ed a . al ca i e ect f the . cha e f la i ate f a d the . bc t acti g e ice t be c t acted ith the Shi ai G . . de the Ne Shi ai P. cha e Ag ee e t 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 the la ge t PCB c. t e f the Tech i e G . bef e a d afte the e tabli h e t f the JV. The JV a et . a a t ategic allia ce bet ee the Tech i e G . a d the Shi ai G . . The Di ect the ef e c ide that it i i the c e cial i te e t f the Tech i e G . t ell PCB t the Shi ai G . al c e cial te .

The PCB . cha ed b the Shi ai G . a e ai l f e ale t the Shi ai G . ' c. t e . S e f the Shi ai G . ' c. t e ecificall e . i e that the PCB be ade b the Tech i e G . f la i ate (i) d. ced b ce tai a . fact. e (i cl. di g the Shi ai G . it elf); a d/ (ii) d illed b the Shi ai G . . A . ch, the i c ea i g de a d f PCB

GENERAL

The i ci al b i e f the C a i i e t e t h ldi g. The G . i i ci all e gaged i the d cti a d ale f PCB, la i ate, c e f il, gla fab ic, gla a , bleached k afi a e, ca tic da, f ali, e x. e i, he l, acet e, PVC, acetic acid, c ke a d etha l.

The Shi ai G . i i ci all e gaged i the b i e f de ig a d a . fact e f PCB.

DEFINITIONS

I thi a . ce e t, the f ll i g ex. e i ha e the ea i g et . t bel . le the c tex. t e . i e the i e:

"A . ce e t"	the a . ce e t f the C a dated 27 Oct be 2006, 8 Dece be 2006 a d 31 Oct be 2007, e ecti el , i elati t , a g the thi g , the Shi ai S. l Ag ee e t a d the Shi ai P. cha e Ag ee e t
"B a d"	the b a d f Di ect
"C a"	Ki gb a d Che ical H ldi g Li ited, a c a i c ated i the Ca a I la d ith li ited liabilit a d h e ha e a e li ted the ai b a d f the St ck Ex. cha ge
"c ected e"	the ea i g a c ibed t it . de the Li ti g R. le
"C ti . i g C ected T a acti"	the c ti . i g . l f PCB t the Shi ai G . . a t t the Ne Shi ai S. l Ag ee e t a d the c ti . i g . cha e f la i ate a d . bc t acti g e ice f the Shi ai G . . a t t the Ne Shi ai P. cha e Ag ee e t, hich c tit. te c ti . i g c ected t a acti f the C a . de the Li ti g R. le
"Di ect ( )"	di ect ( ) f the C a
"G ."	the C a a d it . b idia ie
"HK$"	H g K g d lla , the la f. l c. e c f H g K g
"H g K g"	H g K g S ecial Ad i i t ati e Regi f the Pe le' Re . blic f Chi a
"I de e de t Sha eh lde ( )"	ha the ea i g a c ibed t it . de R. le 14A.10(5) f

"Independent Third Party(ies)"	a person(s) or company(ies) which is/are independent of and not connected with the Company and its connected persons
"JV"	Technique Shinai Circuit Limited, a company incorporated in Hong Kong and owned as to 70% by Technique and 30% by Shinai
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"New Shinai Purchase Agreement"	the agreement dated 22 December 2009 entered into between Technique and Shinai in relation to the purchase of Class B Shares of the Shinai Group and the subcontracting services of the Shinai Group of the production of PCB, for a term commencing from 1 January 2010 to 31 December 2012
"New Shinai Sales Agreement"	the agreement dated 22 December 2009 entered into between Technique and Shinai in relation to the sale of PCB to the Shinai Group by the Technique Group for a term commencing from 1 January 2010 to 31 December 2012
"PCB"	printed circuit board
"Proposed Annual Caps"	the proposed annual caps of each of the Continuing Connected Transactions for each of the three financial years ending 31 December 2010, 2011 and 2012
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	ordinary share(s) of nominal value of HK$0.10 each in the Shareholder's capital

Shi ai S l Ag ee e t the ag ee e t dated 27