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# KB

**KINGBOARD CHEMICAL  
HOLDINGS LIMITED**

**建滔化工集團有限公司**

*(Incorporated in the Cayman Islands  
with limited liability)*

**(Stock Code: 148)**

# KB

**KINGBOARD LAMINATES  
HOLDINGS LIMITED**

**建滔積層板控股有限公司**

*(Incorporated in the Cayman Islands  
with limited liability)*

**(Stock Code: 1888)**

## **JOINT ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION**

#### **DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY BY KBL**

The KBC Board and KBL Board are pleased to announce that on 13 May 2016, KLL entered into the Equity Transfer Agreement with the Purchaser, pursuant to which KLL has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity, representing the entire equity interest in the Target Company, at a consideration of approximately RMB2,004.43 million (equivalent to approximately HK\$2,386.23 million) (subject to adjustment) which is to be satisfied by the Purchaser to KLL in cash. The Target Company holds a parcel of land in Shenzhen.

KLL is a wholly owned subsidiary of KBL, and KBL is a non-wholly owned subsidiary of KBC. As one of the applicable percentage ratios in respect of the Disposal for each of KBC and KBL is more than 5% but all of the applicable percentage ratios for each of KBC and KBL are less than 25%, the Disposal constitutes a discloseable transaction for each of KBC and KBL and consequently is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders of KBC and KBL and respective potential investors should note that the Equity Transfer Agreement is subject to conditions and therefore the Disposal may or may not proceed. Shareholders of KBC and KBL and respective potential investors are reminded to exercise caution when dealing in the securities of KBC and KBL.**

## INTRODUCTION

The KBC Board and KBL Board are pleased to announce that on 13 May 2016, KLL entered into the Equity Transfer Agreement with the Purchaser, pursuant to which KLL has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity, representing the entire equity interest in the Target Company, at a consideration of approximately RMB2,004.43 million (equivalent to approximately HK\$2,386.23 million) (subject to adjustment) which is to be satisfied by the Purchaser to KLL in cash. The Target Company holds a parcel of land in Shenzhen.

## THE EQUITY TRANSFER AGREEMENT

### Date

13 May 2016 (after trading hours)

### Parties

- (i) KLL (as vendor)
- (ii) The Purchaser (as purchaser)

### Subject matter of the Disposal

Pursuant to the Equity Transfer Agreement, KLL has agreed to sell, and the Purchaser has agreed to purchase, the Sale Equity. The Sale Equity represents the entire equity interest in the Target Company owned by KLL.

### Consideration

The consideration for the Disposal of approximately RMB2,004.43 million (equivalent to approximately HK\$2,386.23 million) (subject to adjustment) shall be payable by the Purchaser to KLL in the following manner:

- (i) approximately RMB1,639.43 million (equivalent to approximately HK\$1,951.70 million) (“**Tranche One Consideration**”), to be deposited, within three business days following the completion in transfer of Target Company’s information, by the Purchaser into an escrow account maintained by an escrow agent jointly appointed by KLL and the Purchaser. The Tranche One Consideration will only be released by the escrow agent to KLL (or its nominee) on the day following completion of the registration of the transfer of the Sale Equity with the relevant government authority and change of Target Company’s relevant personnel as evidenced by the equity transfer approval notification and new business licence of the Target Company issued by the relevant authorities, pursuant to the terms of an escrow agreement among KLL, the Purchaser and the escrow agent; and

- (ii) RMB365 million (equivalent to approximately HK\$434.52 million) (“**Tranche Two Consideration**”), subject to adjustment, to be paid by the Purchaser to KLL (or its nominee) within three days after satisfaction of, among others, the following conditions:
- (a) KLL having delivered to the Purchaser the land use right certificate of the parcel of land held by the Target Company;
  - (b) completion of the transfer of Sale Equity by KLL and change of Target Company’s relevant personnel;
  - (c) the Target Company having paid stamp duty payable by the Target Company for contracts executed by the Target Company; and
  - (d) the determination of the withholding income tax amount payable in respect of the Disposal.

After determination of the relevant tax amount payable by KLL, the Tranche Two Consideration shall be adjusted accordingly and such tax amount shall be paid out of the Tranche Two Consideration.

The consideration for the Disposal was arrived at after arm’s length negotiations between the Purchaser and KLL with reference to the financial information of the Target Company and taking into account the value of the land being held by the Target Company as agreed between the parties. For further details of the reasons and benefits for the Disposal, please refer to the section headed “Reasons and Benefits of the Disposal” below.

### **Conditions to the Equity Transfer Agreement becoming effective**

After execution of the Equity Transfer Agreement, the Equity Transfer Agreement shall come into effect upon it having been certified at the 深圳公證處 (Shenzhen Notarial Office\*) in the PRC and approved by the relevant authority.

Upon the Equity transfer Agreement becoming effective, the parties thereto shall obtain approval from the 深圳市經濟貿易和信息化委員會 (Economy, Trade and Information Commission of Shenzhen Municipality\*), and proceed with registration procedures with the 深圳市市場和質量監督管理委員會 (Market and Quality Supervision Commission of Shenzhen Municipality\*) in respect of the Disposal.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC with a registered capital of US\$20 million, of which US\$4 million has been paid up as at the date of the Equity Transfer Agreement. It is principally engaged in a property development project located in Longhua New District, Shenzhen City, Guangdong Province, the PRC.

As at the date of the announcement, the Target Company holds a parcel of land located at the west side of Fu Long Road, Longhua New District, Shenzhen City, Guangdong Province, the PRC (中國廣東省深圳市龍華新區福龍路西側) with an aggregate area of approximately 85,748 sq. m., and a land use right of 50 years commencing from January 2016.

Set out below is the audited financial information of the Target Company for the financial years ended 31 December 2014 and 31 December 2015 respectively:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2014</b>	<b>2015</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before taxation	74	(128)
Net profit/(loss) after taxation	55	(128)

Based on the audited financial statements of the Target Company for the year ended 31 December 2015, the net book value of the Target Company as at 31 December 2015 was approximately RMB25.47 million (equivalent to approximately HK\$30.32 million).

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of each of KBC and KBL, and the results, assets and liabilities of the Target Company will cease to be consolidated into the accounts of each of KBC and KBL.

#### **EXPECTED GAIN FROM THE DISPOSAL**

Upon completion of the Disposal, it is estimated that KBL would realise a gain on the Disposal before taxation of approximately RMB1,978.96 million (equivalent to approximately HK\$2,355.90 million), taking into account its 100% equity interest in the Target Company, being the difference between the consideration and the net book value of the Target Company as at 31 December 2015.

Upon completion of the Disposal, it is estimated that KBC would realise a gain on the Disposal before taxation of approximately RMB1,474.72 million (equivalent to approximately HK\$1,755.62 million), taking into account its approximately 74.52% indirect equity interest in KBL, being the difference between the consideration and the net book value of the Target Company as at 31 December 2015.

Shareholders should note that the exact amounts of the respective gain of the Disposal to KBL and KBC are subject to adjustments and audit and may therefore be different from the amounts mentioned above as the actual gain or loss will depend on, among other things, the actual net asset value of the Target Company as at the date of completion of the Disposal.

#### **INFORMATION ON THE PARTIES**

The KBC Group is principally engaged in the manufacture and sale of laminates, printed circuit boards, chemicals, magnetic products and property development and investments.

The KBL Group is principally engaged in the manufacture and sale of laminates and related upstream materials. KLL is a wholly owned subsidiary of KBL and principally engaged in investment holding.

To the best of the knowledge of the KBC Board and KBL Board, the Purchaser is a company established in the PRC and is principally engaged in property development.

To the best of the knowledge, information and belief of the KBC Directors and KBL Directors respectively, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of each of KBC and KBL and each of their respective connected persons.

## **REASONS AND BENEFITS OF THE DISPOSAL**

The KBC Board and KBL Board consider that the Disposal represents an opportunity to realise their investment in the Target Company so as to enhance the cash flow of the KBL Group, which in turn enables KBL Group to free up capital for its operations and investment purposes when such opportunities arise.

The KBL Board and KBC Board intend to apply the net proceeds from the Disposal for the general working capital of the KBL Group, and also to invest in potential investment opportunities and to operate current principal business of the KBL Group.

Accordingly, the KBC Directors and KBL Directors consider that the Disposal and the terms of the Equity Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of KBC and its shareholders as a whole, and also of KBL and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

KLL is a wholly owned subsidiary of KBL, and KBL is a non-wholly owned subsidiary of KBC. As one of the applicable percentage ratios in respect of the Disposal for each of KBC and KBL is more than 5% but all of the applicable percentage ratios for each of KBC and KBL are less than 25%, the Disposal constitutes a discloseable transaction for each of KBC and KBL and consequently is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Shareholders of KBC and KBL and respective potential investors should note that the Equity Transfer Agreement is subject to conditions and therefore the Disposal may or may not proceed. Shareholders of KBC and KBL and respective potential investors are reminded to exercise caution when dealing in the securities of KBC and KBL.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the disposal of the Sale Equity by KLL to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 13 May 2016 entered into between KLL and the Purchaser in relation to the Disposal
“KBC”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange
“KBC Board”	the board of KBC Directors
“KBC Director(s)”	the director(s) of KBC
“KBC Group”	KBC and its subsidiaries, excluding the KBL Group
“KBL”	Kingboard Laminates Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange
“KBL Board”	the board of KBL Directors
“KBL Director(s)”	the director(s) of KBL
“KBL Group”	KBL and its subsidiaries
“KLL”	Kingboard Laminates Limited, a wholly owned subsidiary of KBL
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	恒大地產集團(深圳)有限公司 (Evergrande Real Estate Group (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Equity”	the entire equity interest in the Target Company
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	建滔數碼發展(深圳)有限公司 (Kingboard Digital Development (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability and was owned as to 100% by KLL prior to the Disposal
“US\$”	United States dollars, the lawful currency of the United States of America

*Note:* For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB0.84 = HKD1.00 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

\* *For identification purposes only*

By Order of the Board  
**Kingboard Chemical Holdings Limited**  
**Cheung Kwok Wing**  
*Chairman*

By Order of the Board  
**Kingboard Laminates Holdings Limited**  
**Cheung Kwok Wa**  
*Chairman*

Hong Kong, 13 May 2016

*As at the date of this announcement, the KBC Board consists of Messrs. Cheung Kwok Wing, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie, Cheung Ka Shing and Chen Maosheng, being the executive directors, Messrs. Cheng Wai Chee, Christopher, Tse Kam Hung, Lai Chung Wing, Robert, Tang King Shing and Cheung Ming Man being the independent non-executive directors.*

*As at the date of this announcement, the KBL Board consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho, Liu Min and Zhou Pei Feng, being the executive directors, Mr. Lo Ka Leong, being the non-executive director, and Messrs. Leung Tai Chiu, Ip Shu Kwan, Stephen, Zhang Lu Fu and Lau Ping Cheung, Kaizer being the independent non-executive directors.*