

購回股份及發行股份之一般授權之說明函件

Explanatory Statement to General Mandates to Repurchase Shares and to Issue Shares



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To the shareholders

Dear Sir or Madam,

INTRODUCTION

The purpose of this document is to provide you with information regarding resolutions to be proposed at the annual general meeting of Kingboard Chemical Holdings Limited (“Company”) to be held on 28 August 2001 (“Annual General Meeting”). These resolutions include ordinary resolutions relating to granting the directors of the Company (“Directors”) general mandates for the issue of securities and the repurchase of the Company’s shares up to 20% and 10% respectively of the Company’s issued share capital as at the date of the resolutions.

GENERAL MANDATES TO ISSUE SECURITIES AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 10 August 2000, ordinary resolutions were passed granting a general mandate to the Directors to allot, issue and deal with securities of the Company not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at that date (“Existing Issue Mandate”) and a general mandate to the Directors to repurchase securities of the Company not exceeding 10 per cent. of the issued share capital, or the relevant class of securities, of the Company as at that date (“Existing Repurchase Mandate”).

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此致列位股東 台照

敬啟者：

緒言

本文件旨在向閣下提供於二零零一年八月二十八日舉行之建滔化工集團（「本公司」）股東週年大會（「週年大會」）中決議案之有關建議資料。於決議案日期之各項決議案，包括授予本公司董事（「董事」）以20%本公司已發行股本為上限發行證券及以10%本公司已發行股本為上限購回本公司股份等一般授權之普通決議案。

發行證券及購回股份之一般授權

於二零零零年八月十日舉行之週年大會中通過之普通決議案乃授予董事一般授權，以當日本公司已發行股本總面值之20%為上限配發、發行及處理本公司之證券（「現有發行授權」），以及以當日本公司已發行股本或有關類別證券之10%為上限購回本公司證券（「現有購回授權」）。



購回股份及發行股份之一般授權之說明函件 Explanatory Statement to General Mandates to Repurchase Shares and to Issue Shares

In accordance with the provisions of the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall may continue in force until, inter alia, they are revoked or varied by ordinary resolution of the shareholders of the Company (“Shareholders”) in general meeting.

Resolutions set out as resolutions 5A(d) and 5B(c) in the notice of the Annual General Meeting will be proposed at the Annual General Meeting to revoke the Existing Issue Mandate and the Existing Repurchase Mandate respectively. New general mandate to allot, issue and deal with securities of the Company up to 20% and to repurchase shares up to 10% of the issued share capital of the Company as at the date of the resolutions as set out in resolutions 5A(a), (b), (c) and (e) and resolutions 5B(a), (b) and (d) respectively will also be proposed at the Annual General Meeting. With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any new shares pursuant to the relevant mandates.

The following explanatory statement contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the proposed repurchase mandate:

SHARE CAPITAL

As at 9 July 2001, being the latest practicable date prior to the printing of this explanatory statement (“Latest Practicable Date”), the issued share capital of the Company comprised 472,177,448 ordinary shares of HK\$0.10 each (“Shares”). As at the same date, there are outstanding options granted under the Company’s share option scheme to subscribe for 4,338,000 Shares.

根據香港聯合交易所有限公司(「聯交所」)之證券上市規則(「上市規則」)規定，及現有發行授權及現有購回授權之條款，倘若(其中包括)現有發行授權及現有購回授權在股東大會上由本公司股東(「股東」)以普通決議案撤銷或修改，則該等授權將會失效。

於週年大會通告列為決議案中5A(d)及5B(c)之決議案，將於股東週年大會上提呈建議分別撤回現有發行授權現有購回授權。新訂之一般授權，乃以決議案當日本公司已發行股本之20%為配發、發行及處理本公司證券之上限，以及以決議案當日本公司已發行股本之10%為購回本公司證券之上限，有關內容分別列為決議案中5A(a)、(b)、(c)、(e)之決議案及5B(a)、(b)、(d)之決議案，並將於週年股東大會上提呈議決。就建議中之新訂一般授權，董事謹此聲明彼等並無即時計劃按有關授權發行及購回新股份。

以下說明函件載有上市規則要求載於說明函件之詳情，供股東就投票贊成或反對股東週年大會上提呈有關建議購回授權之決議案作出明智立場。

股本

於二零零一年七月九日(即本說明函件付印前之最後可行日期(最後可行日期)，本公司之已發行股本包括每股面值0.10港元之472,177,448股普通股。於同日，根據本公司優先購股權計劃授出而未行使之優先購股權共可認購4,338,000股股份。

購回股份及發行股份之一般授權之說明函件

Explanatory Statement to General Mandates to Repurchase Shares and to Issue Shares



Subject to the passing of the resolution granting the proposed mandate to repurchase shares and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 47,217,744 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its shares on the Stock Exchange. Such repurchases may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and, or earnings per shares and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

Repurchases made pursuant to the proposed mandate to repurchase shares would be funded out of funds legally available for the purpose in accordance with the Company's memorandum and articles of association and the laws of the Cayman Islands.

The Directors have no present intention to repurchase any shares of the Company and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the shares of the Company can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31 March 2001, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the general mandate to repurchase shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position and gearing position of the Company. The Directors do not

倘購回證券之建議授權決議案獲得通過，及於股東週年大會前再無發行或購回股份，本公司將可於下次股東大會結束前，或本公司根據法例規定需要召開股東大會之日期，或股東於週年大會上以決議案廢除或更改有關授權，獲准購回最多 47,217,744 股股份。

購回證券之理由

董事認為股東授予一般授權，俾使本公司可在聯交所購回其股份乃符合本公司及其股東之最佳利益。此項購回可提高本公司之資產淨值及／或其股份之每股盈利，惟須視乎當時市場情況及融資安排而定，且本公司董事僅會在彼等認為該項購回事宜將有利於本公司及其股東之情況下進行。

用於購回事宜之資金

根據建議授權購回證券作出之購回事宜，將根據本公司組織章程大綱及開曼群島法例規定可作此用途之合法資金進行。

董事會目前無意購回本公司任何證券，且只在彼等認為符合本公司最佳利益及可以有利本公司之條款購回本公司證券之情況下，方會行使購回授權。根據於二零零一年三月三十一日（即本公司最新經審核賬目編製日）本公司之綜合財務狀況，董事會認為倘按現行市價全面行使購回股份之一般授權，將對本公司之營運資金或資本負債比率造成重大不利影響。倘董事會認為於當時行使購回證券之授



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propose to exercise the mandate to repurchase shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICE

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last twelve months.

Month	月份	Shares	
		Highest traded price	Lowest traded price
		最高成交價	最低成交價
		HK\$	HK\$
		港元	港元
2000	二零零零年		
July	七月	4.150	3.600
August	八月	4.450	3.675
September	九月	4.150	3.075
October	十月	3.525	2.775
November	十一月	4.000	3.500
December	十二月	4.000	3.350
2001	二零零一年		
January	一月	3.825	3.400
February	二月	4.000	3.575
March	三月	3.875	3.400
April	四月	3.700	3.500
May	五月	4.900	3.700
June	六月	4.850	4.300

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates currently intend to sell shares to the Company or its subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the proposed mandate to repurchase shares in accordance with the Listing Rules and applicable laws of the Cayman Islands.

權，將對本公司不時規定之營運資金造成重大不利影響（與最新披露之經審核財務報表或資本負債比率比較），則不會建議行使有關授權。

股份價格

下表列出過去十二個月內本公司股份在聯交所買賣之最高及最低成交價：

一般事項

各董事（於作出一切合理查詢後，就彼等所知）或彼等之聯繫人士現時概無意出售股份予本公司或其附屬公司。董事會已向聯交所承諾，在適當之情況下，彼等將遵照上市規則及開曼群島適用法例之規定行使建議中之授權購回股份。

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No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell shares to the Company, or has undertaken not to do so.

If as a result of a repurchase of shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("Code"). Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Hallgain Management Limited together with Messrs. Cheung Kwok Wing, Chan Wing Kwan, Lam Ka Po, Lum Gum Wun, Cheung Kwong Kwan, Cheung Kwok Wa, Cheung Kwok Ping and Cheung Kwok Keung (together, "Concert Parties"), who are persons acting in concert under the Code, are interested in approximately 48.69 per cent. of the existing issued ordinary share capital of the Company. In the event that the Directors should exercise in full the proposed mandate to repurchase shares, the shareholding of the Concert Parties in the Company will be increased to approximately 54.10 per cent. of the issued ordinary share capital of the Company. To the best of the knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under the Code. The Directors have no present intention to repurchase shares to the extent that it will trigger the obligations under the Code to make a mandatory offer.

In the six months preceding the Latest Practicable Date, the Company has not repurchased any securities on the Stock Exchange or otherwise.

概無關連人士(定義見上市規則)知會本公司,表示彼現時擬向本公司出售彼等持有之任何股份,惟彼等亦無承諾不會向本公司出售彼持有之任何股份。

倘股份購回導致股東於本公司之投票權之相應權益增加,此增加將就香港公司收購及合併守則(「收購守則」)而言被視作一項收購事宜。故此,一名股東或一批行動一致之股東(視乎股東權益增加之水平)可取得或聯合取得對本公司之控制權,而須根據收購守則第26條件提出強制性收購。

於最後可行日期,就董事深知及確信, Hallgain Management Limited 連同張國榮先生、陳永錕先生、林家寶先生、林根穩先生、張廣軍先生、張國華先生、張國平先生及張國強先生(統稱「一致行動人士」,根據守則被視為一致行動人士)於本公司現有已發行普通股股本中擁有約48.69%權益。倘董事會全面行使購回股份之建議授權,一致行動人士於本公司之持股量將增至本公司已發行普通股股本約54.10%,就董事深知及確信,該項增加將使本公司須根據收購守則提出強制性收購建議。董事目前無意購回股份,以致須根據收購守則履行提出強制收購建議之責任。

本公司於最後可行日期前六個月內並無於聯交所購回股份。



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RECOMMENDATION

The Directors consider that the proposed granting of the general mandates to the Directors to issue and to repurchase shares are in the best interests of the Company and the Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the Annual General Meeting.

Yours faithfully,
By Order of the Board
Cheung Kwok Wing
Chairman

Hong Kong, 9 July 2001

推薦意見

董事認為，授予董事發行及購回證券之全面授權乃符合本公司及其股東之最佳利益。故董事建議各位股東投票贊成列於股東週年大會通告內之有關決議案。

承董事會命
主席
張國榮
謹啟

香港，二零零一年七月九日