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## KINGBOARD CHEMICAL HOLDINGS LIMITED

### 建滔化工集團\*

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

**(Stock Code: 148)**

### **PROPOSED BONUS ISSUE OF 2012 WARRANTS**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board proposes a conditional bonus issue of 2012 Warrants to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) 2012 Warrant for every ten (10) Shares held by them on the Record Date. Each unit of 2012 Warrant will entitle its holder a right to subscribe for one new Share at an initial subscription price of HK\$40.00 per Share (subject to adjustment(s) in case of, among others, capital alteration) at any time on 5 May 2010 (the expected commencement date of dealing in the 2012 Warrants) up to 31 October 2012, both days inclusive.

An application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the 2012 Warrants and any new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2012 Warrants.

A circular containing details of the Bonus Warrant Issue will be dispatched to the Shareholders as soon as practicable.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules. The Board proposes that the Bonus Warrant Issue be made to the Shareholders.

### **PROPOSED BONUS ISSUE OF 2012 WARRANTS**

#### **Basis of Bonus Warrant Issue**

The Board proposes, subject to the satisfaction of the conditions below, a bonus issue of 2012 Warrants to be granted to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) 2012 Warrant for every ten (10) Shares held on the Record Date. Each unit of 2012 Warrant will entitle its holder a right to subscribe for one (1) new Share at an initial subscription price of HK\$40.00 per Share (subject to adjustment(s) in case of, among others, capital alteration) at any time on 5 May 2010 (the expected commencement date of dealing in the 2012 Warrants) up to 31 October 2012, both days inclusive.

\* For identification purpose only

Subject to the compliance with Rule 15.02 of the Listing Rules, the 2012 Warrants will be issued pursuant to the general mandate granted to the Directors to issue Shares during the relevant period up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the annual general meeting of the Company on 21 May 2009. Under the said general mandate and on the basis of 844,739,046 issued Shares as at 21 May 2009, the Directors were authorised generally to issue up to 168,947,809 new Shares and none of which has been issued as at the date of this announcement and 168,947,809 new Shares can be issued under the said general mandate.

As at the date of this announcement and based on the information currently available, the Company confirms that the shares to be issued on the exercise of the 2012 Warrants will be in compliance with Rule 15.02 of the Listing Rules.

### **Condition**

The Bonus Warrant Issue is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the 2012 Warrants and any new Shares which may fall to be issued upon exercise of the subscription rights attaching to the 2012 Warrants.

### **Number of 2012 Warrants to be Issued**

Based on 844,739,046 Shares in issue as at the date of this announcement and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement up to the Record Date, the total number of 2012 Warrants to be issued will be a maximum of 84,473,905 units entitling the holders thereof to subscribe for a maximum of 84,473,905 new Shares, representing approximately 10% of the issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the new Shares to be issued upon the exercise of all the 2012 Warrants.

### **Subscription Price**

The 2012 Warrants will entitle the holders a right to subscribe for one (1) new Share at an initial subscription price of HK\$40.00 per Share (subject to adjustment(s) in case of, among others, capital alteration) upon exercise of one (1) unit of 2012 Warrant. The initial subscription price represents:

- (i) a premium of approximately 14% over the closing price per Share of HK\$35.20 as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a premium of approximately 17% over the average closing price per Share of HK\$34.22 as quoted on the Stock Exchange for the last five trading days up to the date of this announcement.

### **Subscription Period**

The 2012 Warrants may be exercised at any time from 5 May 2010 (the expected commencement date of dealing in the 2012 Warrants) and up to 31 October 2012 (both days inclusive).

## **Record Date**

To qualify for the Bonus Warrant Issue, a Shareholder must on the Record Date:

- be a registered member of the Company; and
- be a Qualifying Shareholder.

In order to be registered member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates and transfer forms) with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. (Hong Kong time) on Wednesday, 21 April 2010.

## **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 22 April 2010 to Monday, 26 April 2010 (both days inclusive) for determination of entitlements of the Qualifying Shareholders under the Bonus Warrant Issue. No transfer of Shares will be registered during this period.

## **Fractional Entitlements to the 2012 Warrants**

Fractional entitlements to the 2012 Warrants (if any) will not be issued to the Qualifying Shareholders but will be aggregated and sold in the market for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

## **Overseas Shareholders**

The documents to be issued in relation to the Bonus Warrant Issue will not be registered under any securities legislation outside Hong Kong. The Company will make enquiries as to whether the issue of 2012 Warrants to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges pursuant to Rule 13.36(2)(a) of the Listing Rules. If after making such enquiry the Board is of the opinion that it would be necessary or expedient not to issue the 2012 Warrants to such Overseas Shareholders, the Bonus Warrant Issue will not be granted to such Overseas Shareholders. As at 1 March 2010, being the latest practicable date for ascertaining Shareholders' information for the purpose of inclusion in this announcement, there was only one (1) Shareholder holding an aggregate of 500 Shares, representing less than 0.01% of the existing issued share capital of the Company, whose address is outside Hong Kong as shown on the register of members of the Company.

Any 2012 Warrants which would otherwise have been issued to the Non-Qualifying Shareholders will be sold in the market as soon as possible. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars pro rata to such persons and remittances thereof will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

## **Status of Shares to be Issued upon Exercise of the 2012 Warrants**

Shares which are allotted and issued on the exercise of the subscription rights attaching to the 2012 Warrants will rank for any dividends and other distributions and/or offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the Shares in issue on the date of such allotment and issue.

No part of the equity or debt securities of the Company is listed on or dealt in on any other stock exchange and no such listing of or permission to deal in is being or is proposed to be sought.

## **Listing and Board Lot**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 2012 Warrants and any new Shares which may fall to be issued upon exercise of the subscription rights attaching to the 2012 Warrants. The 2012 Warrants will be traded in board lots of 500 units entitling holders thereof to subscribe for 500 new Shares based on the subscription price of HK\$40.00 (subject to adjustments in case of, amongst others, capital alteration).

Save for options granted under the Company's share option scheme adopted in 2002, there are no other outstanding warrants, convertible securities or similar rights to subscribe for Shares.

## **Certificates for the 2012 Warrants**

All necessary arrangements will be made by the Company to enable the 2012 Warrants to be admitted into CCASS. Subject to the satisfaction of all the conditions mentioned above and the compliance with the stock admission requirements of Hong Kong Clearing, the 2012 Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2012 Warrants will be accepted as eligible securities by Hong Kong Clearing for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the 2012 Warrants (which is expected to be on Wednesday, 5 May 2010) or such other date(s) as determined by Hong Kong Clearing. It is expected that certificates for the 2012 Warrants will be posted to those entitled thereto on or before Monday, 3 May 2010 at the risk of the person entitled thereto to their respective addresses shown on the register of members of the Company.

Subject to the fulfillment of the condition for the Bonus Warrant Issue as referred to in the subsection headed "Condition" above, dealings in the 2012 Warrants on the Stock Exchange are expected to commence on Wednesday, 5 May 2010.

## **REASONS FOR THE BONUS WARRANT ISSUE AND USE OF PROCEEDS**

The Board believes that the Bonus Warrant Issue represents a return by the Company to the Shareholders for their long-term support for the Company. It is also believed that the Bonus Warrant Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue will also strengthen the equity base of the Company

and increase the Company's working capital if and when the 2012 Warrants are exercised. The Board believes that the Bonus Warrant Issue is beneficial to and in the interests of the Company and the Shareholders as a whole.

The net proceeds of the Bonus Warrant Issue is currently estimated to be approximately HK\$3,379 million assuming that the new Shares under the Bonus Warrant Issue have been fully subscribed for. It is intended that the net proceeds will be used for the Group's future business development and general working capital of the Group depending on its business needs at the relevant time.

## **EXPECTED TIMETABLE OF THE BONUS WARRANT ISSUE**

The expected timetable for the Bonus Warrant Issue is set out below:

*2010*

Last day of dealings in Shares on a cum-entitlement basis to the Bonus Warrant Issue . . . . .	Monday, 19 April
First day of dealings in Shares on an ex-entitlements basis to the Bonus Warrant Issue . . . . .	Tuesday, 20 April
Latest time for lodging transfers of Shares in order to qualify for the Bonus Warrant Issue . . . . .	4:00 p.m. on Wednesday, 21 April
Closure of the Register of Members . . . . .	Thursday, 22 April to Monday, 26 April (both dates inclusive)
Record Date . . . . .	Monday, 26 April
Certificates for the 2012 Warrants expected to be despatched on or about . . . . .	Monday, 3 May
Commencement of dealings in the 2012 Warrants . . . . .	9:30 a.m. on Wednesday, 5 May

**Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Bonus Warrant Issue are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Bonus Warrant Issue will be published or notified to Shareholders as appropriate.**

## **PRINCIPAL ACTIVITIES OF THE GROUP**

The principal business of the Company is investment holding. The Group is principally engaged in the production and sale of printed circuit boards, laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, chemicals, liquid crystal displays and magnetic products.

## **GENERAL**

A circular containing details of the Bonus Warrant Issue will be despatched to the Shareholders as soon as practicable. The circular will be despatched to the Non-Qualifying Shareholders for information only.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Bonus Warrant Issue”	the conditional bonus issue of 2012 Warrants by the Company to the Qualifying Shareholders as described in this announcement
“CCASS”	Central Clearing and Settlement System
“Company”	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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Clearing”	Hong Kong Securities Clearing Company Limited
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiry, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places not to issue the 2012 Warrants

“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company on that date are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 26 April 2010, being the record date for determining the entitlements of Qualifying Shareholders to participate in the Bonus Warrant Issue
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2012 Warrants”	warrants to be issued by the Company in respect of the Bonus Warrant Issue
“%”	percentage

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

Hong Kong, 2 March 2010

*As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wing, Chan Wing Kwan, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie and Mok Cham Hung, Chadwick, being the executive Directors, and Messrs. Cheng Wai Chee, Christopher, Henry Tan, Lai Chung Wing, Robert and Tse Kam Hung, being the independent non-executive Directors.*