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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY IN LONDON

The Board announces that on 15 December 2017, the First Seller, the Second Seller, the Buyer and the Buyer's Guarantor entered into the Deed of Agreement in relation to the sale and purchase of the Property. The Sellers are the owners of the Property, a leasehold property named 15 Canada Square, located at Canary Wharf, London. The sale and purchase of the Property will be at the agreed Price of £399,999,998 (equivalent to approximately HKD4,220 million), subject to adjustment.

Pursuant to the Lease, the Buyer (as Landlord) will lease the premises of the Property to the Second Seller (as Tenant) for a term of 25 years. The Tenant will pay an annual rent of £18,130,000 (equivalent to approximately HKD191 million) until such date on which the annual rent will be reviewed by the parties (as set out in the Lease).

As one or more of the relevant applicable percentage ratios in respect of the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is equal to or exceeds 5% and none of such percentage ratios is equal to or exceeds 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from shareholders' approval requirement under the Listing Rules.

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THE DEED OF AGREEMENT

Date

15 December 2017.

Parties

The First Seller, the Second Seller, the Buyer, and the Buyer's Guarantor.

To the best of the Directors' knowledge, information and beliefs having made all reasonable enquiry, the Sellers and their ultimate beneficial owners are third parties independent from the Company and its connected persons.

Condition Precedent

Completion of the Acquisition is conditional upon the obtaining of Landlord's Consent and Signage Consent within three months after the date of the Deed of Agreement. Either the Buyer or the Sellers may terminate the Deed of Agreement if either Landlord's Consent or Signage Consent has not been obtained within three months after the date of the Deed of Agreement. The Sellers may waive the whole or any part of the condition regarding obtaining of Signage Consent by notice in writing to the Buyer.

Consideration and Completion

Completion shall take place on 10 January 2018.

The Buyer shall pay a Deposit of £20 million (equivalent to approximately HKD211 million) to the Sellers upon signing of the Deed of Agreement. At Completion, the Buyer shall pay the Price (as adjusted in accordance with the terms of the Deed of Agreement) to the Sellers and the Sellers shall, among other things, transfer the Property to the Buyer and release the Deposit.

On the Completion Date, the Price will be adjusted according to: (a) the apportionment of the annual rent due under the 999 Year Lease from and including the Completion Date to, but excluding, the date when the next installment of the annual rent is due under the Lease; and (b) the annual rent due under the Lease from the Completion Date to the day before the next rent payment date in accordance with the Lease.

The total consideration of the Acquisition is the payment by the Buyer to the Sellers of the Price and the grant of the Lease to the Second Seller on the Completion Date.

The consideration for the Property was arrived at after arm's length negotiations between the parties by taking into account, among other things, market values of comparable properties and the total rent payable under the Lease.

The Board intends to finance the consideration for the Acquisition by the Group's internal resources.

account the location, quality and occupancy rate of the Property, the Board considers that the Acquisition and the Lease are in line with the business strategies of the Group and is in the interests of the Company and its shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the Acquisition and the Lease, and the terms of the Deed of Agreement and the Lease respectively, have been agreed upon an arm's length basis, are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

Each of the Buyer and the Buyer's Guarantor is a wholly-owned subsidiary of the Company and each of its principal activity is investment holding.

So far as the Directors are aware, the principal activity of the Sellers is the provision of professional audit, tax and advisory services.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios in respect of the Acquisition calculated pursuant to Rule 14.07 of the Listing Rules is equal to or exceeds 5% and none of such percentage ratios is equal to or exceeds 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

"**999 Year Lease**"	a lease agreement dated 30 April 2009 made between Canary Wharf Investments Limited, the First Seller, the Second Seller, Canary Wharf Limited, and Canary Wharf Management Limited, together with all deeds and documents supplemental or ancillary to that lease at the Completion Date

"**Buyer's Guarantor**" or "**Landlord's Guarantor**", as the case may be	Kingboard Investments Limited, a company incorporated in Hong Kong with limited liability
"**Company**"	Kingboard Chemical Holdings Limited (建滔化工集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 148)
"**Completion**"	completion of the Acquisition
"**Completion Date**"	the date when completion of the Acquisition and the grant of the Lease takes place
"**Deed of Agreement**"	a sale and purchase agreement dated 15 December 2017 among the First Seller, the Second Seller, the Buyer and the Buyer's Guarantor in relation to the Acquisition
"**Deposit**	

"**Second Seller**" or "**Tenant**", as the case may be	KPMG LLP, a limited liability partnership established in the United Kingdom
"**Sellers**"	The First Seller and the Second Seller
"**Signage Consent**"	the consent of Canary Wharf Investments Limited, Canary Wharf Management Company Limited, and Canary Wharf Limited pursuant to the 999 Year Lease to a new signage deed with the Buyer and Second Seller
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**HKD**"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
"**£**"	British pound sterling, the lawful currency of the United Kingdom
"**sq. ft.**"	square feet

Note: For the purpose of this announcement, unless otherwise indicated, the exchange rate of £ .00 = HKD 0.55 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.

By Order of the Board
Kingboard Chemical Holdings Limited
Lo Ka Leong
Company Secretary

Hong Kong, 15 December 2017

As at the date of this announcement, the 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. Cheung Ming Man, Chong Kin Ki, Leung Tai Chiu and Chan Wing Kee being the independent non-executive directors.