THI CIRCULAR I IMPORTANT AND R QUIR YOUR IMM DIAT ATT NTION

If you are in doubt

If you have sold or otherwise transferred

21 200

CONT NT

D INITION

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

2006	2 2006
200	31 200
( )	
( )	
( )	
	10 200

D INITION

D INITION

( )	( ) ( )
	5 1
( )	( ) $0.10
( )	( ) ( )
	2 2006 1 200 31 200
	2 2006 1 200 31 200
	30%
( )	
( )	

D INITION

0%

10% ( )

( )

40%,

35%

25%. ( )

$,

%,

L TT R ROM TH BOARD

5

1
200 30 200

( ) $412,124,000, 3.2 % 200 ,

( ) $1 , 0,000, 0.56% 200 .

12 200 (- -) 200 . 31 200 , 200 200 .

2. PARTICULAR O TH HIRAI UPPLY AGR M NT AND TH HIRAI PURCHA AGR M NT

2 2006

(1)
(2)

1 200 31 200 ,

L TT R ROM TH BOARD

2 2006

(1)

(2)

( )

( )

( )

1 200 31 200

60

5

( )

2006

3. BU IN O TH GROUP AND TH HIRAI GROUP

4. R A ON OR TH HIRAI UPPLY AGR M NT AND TH HIRAI PURCHA AGR M NT

2006 200

5. R VI ION O ANNUAL CAP

1 200 30 200

( ) $412,124,000, 3.2 % 200

( ) $1 , 0,000, 0.56% 200 .

L TT R ROM TH BOARD

12 31 200 (- -) 31 200 200

31 200 , 200 200

Transactions	Original Annual Caps	Revised Annual Caps
	$562,350,000 200	$61 ,5 5,000 200
	$646, 03,000 200	$ 11,3 3,000 200
	$ 43, 0 ,000 200	$ 1 ,0 ,000 200
	$26,600,000 200	$2 ,260,000 200
	$3 ,240,000 200	$40, 64,000 200
	$52,136,000 200	$5 ,350,000 200

31 200 , 200 200 ( )

7.TION

30%

8. GM

( )

( )

( ) 14 .13(1)( )( ) ( )

L TT R ROM TH BOARD

KINGBOARD CH MICAL HOLDING LIMIT D

*

(Incorporated in the Cayman Islands with limited liability)

(tock Code: 0148)

21 200

To the Independent Shareholders

R VI D ANNUAL CAP OR XI TING CONTINUING CONN CT D TRAN ACTION

21 200 ( )

L TT R ROM TH IND P ND NT INANCIAL ADVI R

2006

1 200 30
200

( ) $412,124,000,
3.2 % 200 ,

( )
$1 , 0,000, 0.56%
200 .

12 200 (
- -)
200 .
31 200 , 200 200 .

TH R VI D ANNUAL CAP

I. Background information

(a) Information on the Group, the Techwise Group and the Shirai Group

5 % 2002.
2004,
0%.

30%

(b) Reasons for the Shirai Supply Agreement and the Shirai Purchase Agreement

(c) The Shirai Supply Agreement and the Shirai Purchase Agreement

Agreement: **hirai upply Agreement**

2 2006

(1)
(2)

1 200 31 200,

Agreement: **hirai Purchase Agreement**

2 2006

(1)

(2)

(

)

( )

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1 200 31 200 ,

60

III. easonal sales pattern of PCB

2004.

	Year ended 31 December			ix months ended 30 June			
	2004	2005	2006	2004	2005	2006	2007
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
	( )	( )	( )	( )	( )	( )	( )
	1, 32.4	5,2 4.2	6,650.0	6 .0	2,465.4	2, .2	3,44 .6
	,0 2.4	13,0 .4	16, 3.3	3,05 .6	5, 54.0	,465.0	,021.
30 . (%)				3 .5	46.	43.6	

200 3.2 % 200 , 200 $54 ,4 ,000, . 1% 200 . 200 .

200 , 0.56% 200 ,

200 $25,02 ,000, 4.0 % 200 .

31 200 200 .

IV. ize and basis of calculation of the Revised Annual Caps

(a) The Shirai Supply Agreement

	2007	2008	2009	Annual Increment (%)
(HK$'000)	562,350	646, 03	43, 0	15
(HK$'000)	61 ,5 5	11,3 3	1 ,0	15
(%)	10.0	10.0	10.0	

31 200 , 200 200

( ) 200 ,

( ) 15% 200 200 .

15%

	Historical transaction (HK$'000)	Increase from the preceding year (%)
2004	3 3,465	
2005	416,14	.5
2006	4 6,661	16.
30 200	412,124	12. (on annualized basis)

2006 2005.
200 2006,
12. %

2006.
21 2006,
30 2006 $344, 6 ,000,
0.5% 2006 $4 ,000,000.
$45 , 23,000.
$4 6,661,000,
5. %
.5% 2006.

	Actual transaction amount for nine months ended 30 eptember *(HK$'000)*	Annualized transaction amount based on 9 months transaction *(HK$'000)*	Actual annual transaction amount *(HK$'000)*	Increase from the preceding year based on annualized transaction amount *(%)*	Actual increase from the preceding year *(%)*
2005			416,14		
2006	344, 6	45 , 23	4 6,661	10.5	16.
200	412,124	54 ,4		12.	

12. %

15% 12. %

16. % 2006.

31 200 , 200 200

( ) 200

( ) 40% 200 200 .

40% 2004.

3 2006.

	Procurement of subcontract services *(HK$'000)*	Increase from the preceding year *(%)*
2004	, 24	
2005	12, 04	62.4
2006	1 ,6 3	4 .1
Compound annual growth rate ("CAGR") *(%)*	54.6	

3 2006 54.6%. 4 .1% 62.4% 40%, 40% .

200 $25,02 ,000 .

21 2006, 30 2006 $12, 1 ,000, 6 .5% 2006 $1 ,000,000.

$1 ,0 1,000.
$1 ,6 3,000,
.4%
.4% 2006.

	Actual transaction amount for nine months ended 30 eptember *(HK$'000)*	Annualized transaction amount based on 9 months transaction *(HK$'000)*	Actual annual transaction amount *(HK$'000)*	Increase from the preceding year based on annualized transaction amount *(%)*	Actual increase from the preceding year *(%)*
2005			12, 04		
2006	12, 1	1 ,0 1	1 ,6 3	34.5	4 .1
200	1 , 0	25,02		33.	

( ) 40%,
( )

R COMM NDATION

–

–

Karl Thomson inancial Advisory Limited
Alex Chow
Director

1. R PON IBILITY TAT M NT

2. MAT RIAL ADV R CHANG

31 2006,

3. DI CLO UR O INT R T

3.1 Interests of the Directors in the Company and its associated corporations

( ) ( ) ( ) ( ) 352 ( )

Long Position

( ) $0.10 ( )

Name of Director	Capacity	Number of hares held Interest in underlying hares pursuant to share options *(note 1)*	Number of issued hares held	Approximate percentage of the issued share capital of the Company *(%)*

( ) ( )

(i) Ordinary shares of HK$0.10 each ("KLHL Shares") in Kingboard Laminates Holdings Limited ("KLHL")

Name of Director	Capacity	Number of KLHL hares held	Approximate percentage of the issued share capital of KLHL *(%)*
		34,500	0.03
(note 1)		100,000	0.003
(note 2)		540,000	0.01
(note 3)		100,000	0.003
		,000	0.03

Note:

1. 100,000
2. 540,000
3. 100,000

(ii) Non-voting deferred shares of HK$1.00 each in the share capital of Kingboard Laminates Limited, an indirect non wholly-owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares held
		1, 04,400
		1,4 1,200
		46,400
		423,200

(iii) Ordinary shares ("EEIC Shares") in the share capital of EEIC, a 70.58% owned subsidiary of the Company

Name of Director	Capacity	Interest in underlying IC hares pursuant to share options *(Note)*	Interest in IC hares	Approximate percentage of the issued share capital of IC *(%)*
[illegible]	[illegible]	3,200	60,000	0.03
[illegible]	[illegible]	3,200		
[illegible]	[illegible]	3,200		
[illegible]	[illegible]	3,200	4,000	0.04

( ) ( ) ( ) ( ) ( ) 352 ( )

3.2 Interests or short position of substantial shareholders (other than a Director or chief executive of the Company) discloseable under Divisions 2 and 3 under Part XV of the O

336 ( ) 2 3

Long position

$0.10 ( )

Name of hareholder	Nature of interest	Number of issued hares held	Approximate percentage of the issued share capital of Company *(%)*
(Note)		25 , 6 , 2	31.02

4. DIR CTOR ' INT R T IN RVIC CONTRACT

( ).

5. XP RT' QUALI ICATION AND CON NT

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( ) 31 2006,

6. PROC DUR OR D MANDING A POLL BY HAR HOLD R

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7. G N RAL

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( ) 31 2006,

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( ) 5 2-12

( ) 26/ , 2 ,

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8. DOCUM NT AVAILABL OR IN P CTION

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( ) 13 24

( ) 5( )

( )

KINGBOARD CH MICAL HOLDING LIMIT D

*

(Incorporated in the Cayman Islands with limited liability)

(tock Code: 0148)

NOTIC I H R BY GIV N ( ) 5 , , 2-12 , , , 10 200 30 .

ORDINARY R OLUTION

THAT (21 200) **THAT**

Kingboard Chemical Holdings Limited
Lo Ka Leong
Company Secretary

, 21 200

Head Office and Principal Place of Business in Hong Kong
5 ,
2-12

Notes:

1. .

2. ( ),
/ /

* *For identification purpose only*

3. ( ). 26/ , 2 4 24

4.

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