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

If you are in doubt

If you have sold or otherwise transferred

CONT NT

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Notice of GM 33

D INITION

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

2006	e 2 e 2006 e , , e , , e ee e ,
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L TT R ROM TH BOARD

L TT R ROM TH BOARD

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e 3.2 % e e e 200 ,

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$1 , 0,000, e e e e 0.56% e e e
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[illegible] 2006 [illegible]

3. BU IN O TH GROUP AND TH HIRAI GROUP

[illegible]

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

[illegible] 2006 [illegible] 200 [illegible]

5. R VI ION O ANNUAL CAP

[illegible] 1 [illegible] 200 [illegible] 30 [illegible] 200

(.) [illegible] $412,124,000, [illegible] 3.2 % [illegible] 200 ;

(..) [illegible] $1 , 0,000, [illegible] 0.56% [illegible] 200 .

L TT R ROM TH BOARD

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

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L TT R ROM TH BOARD

KB

KINGBOARD CH MICAL HOLDING LIMIT D

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(Incorporated in the Cayman Islands with limited liability)

(tock Code: 0148)

21 e e 200

To the Independent Shareholders

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

e e e e e 21 e e 200 (e) e e e e e e e e e e e e e e e e e e e e e e.

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

e ee e e e 2006 e e ee

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

[illegible]

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

[illegible]

Agreement:	**hirai upply Agreement**
[illegible]	2 [illegible] 2006
[illegible]	(1) [illegible] (2) [illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible] 1 [illegible] 200 [illegible] 31 [illegible] 200 , [illegible]

Agreement: **hirai Purchase Agreement**

2 e 2006

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III. easonal sales pattern of PCB

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	Year ended 31 December			Six 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*
	(e)	(e)	(e)	(e)	(e)	(e)	(e)
e e e e e e	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.
e e e 30 e e (%)				3 .5	46.	43.6	

e e e e e e e e e e e e e e e e e e e e e e.

e e e e e 200 e 3.2 % e 200 e e e e e e e e - - e e 200 e e $54 ,4 ,000, e e e . 1% e 200 . e e e e e e e e e e e e e e e e e ee e 200 . e e e e e e e e e e e e e e e.

e e, e e e e, 200 e 0.56% e 200 , e e e e e e e 200 e e $25,02 ,000, e e e 4.0 % e 200 . e e e, e e e e e ’ e . e e ’ e e e e e e e e e . e e e , e , e , e e e e e . e e e e e e e e e e e e e e e e e e e e e e e e ee e . e e e, e e e e e e e e e e e e e . e e e e e 31 e e e 200 e ee e 200 . e e e e e e e e ee e e e e e e ee e .

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

(a) The Shirai Supply Agreement

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

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( ) e e e 200 ,

( ) e e e e e e 15% e e e e ee e 200 200 .

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

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

e e e e e e e e e e e e e 12. % e e e e e e e e e 15% e e ee e e e e e e 12. % e e 16. % 2006. e e e e e e e e e e.

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e e e , e , e e e e e , e , e e , e , 3 e e e 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	

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

e e , e e e , e e e , e 200 e , e e e $25,02 ,000 e e e e , e e e , .

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

$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

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

Karl Thomson inancial Advisory Limited
Alex Chow
Director

1. RESPONSIBILITY STATEMENT

2. MATERIAL ADVERSE CHANGE

3. DISCLOSURE OF INTEREST

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

Long Position

( ) e $0.10 e (e)

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 *(%)*

( ) ee ( ) e e e e

(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 *(%)*
. e	e e e	34,500	0.03
. *(note 1)*	e e e	100,000	0.003
. *(note 2)*	e e e	540,000	0.01
. *(note 3)*	e e e	100,000	0.003
. e , e e e e	e	,000	0.03

Note:

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

(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
. e	e e e	1, 04,400
.	e e e	1,4 1,200
. e	e e e	46,400
.	e e e	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 *(%)*
. , e	e e e	3,200	60,000	0.03
. ,	e e e	3,200		
. , ,	e e e	3,200		
. , , ,	e e e	3,200	4,000	0.04

[illegible]

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

[illegible]

Long position

[illegible] $0.10 [illegible]

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

4. DIR CTOR ′INT R T IN RVIC CONTRACT

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

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KB

KINGBOARD CH MICAL HOLDING LIMIT D
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(Incorporated in the Cayman Islands with limited liability)
(tock Code: 0148)

NOTIC I H R BY GIV N

ORDINARY R OLUTION

THAT

THAT

Kingboard Chemical Holdings Limited
Lo Ka Leong
Company Secretary

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Head Office and Principal Place of Business in Hong Kong
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Notes:

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* *For identification purpose only*

NOTIC O GM

3. [illegible]

4. [illegible]

5. [illegible]