

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kingboard Laminates Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



Karl Thomson Financial Advisory Limited

A letter from the Board is set out on pages 4 to 11 of this circular.

A letter of recommendation from the Independent Board Committee is set out on pages 12 to 13 of this circular and a letter of recommendation from Karl Thomson Financial Advisory Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 25 of this circular.

A notice convening the extraordinary general meeting of Kingboard Laminates Holdings Limited to be held at 2/F., Harbour View 1, No. 12 Science Park East Avenue, Phase 2 Hong Kong Science Park, Shatin, New Territories, Hong Kong on 16 May 2011 at 10:30 a.m. is set out on pages 34 to 35 of this circular. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

26 April 2011

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DEFINITIONS

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

“Agreements”	the KBC Purchase Framework Agreement, the Supply Framework Agreement and the Purchase Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Kingboard Laminates Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened at 2/F., Harbour View 1, No. 12 Science Park East Avenue, Phase 2 Hong Kong Science Park, Shatin, New Territories, Hong Kong on 16 May 2011 at 10:30 a.m. to approve the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps (as defined hereunder) and the Proposed Purchase Annual Caps (as defined hereunder)
“Group”	the Company and its subsidiaries
“Hallgain”	Hallgain Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Hallgain Group”	Hallgain 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

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Chan Charnwut Bernard, Mr. Chan Yue Kwong, Michael, Mr. Leung Tai Chiu and Mr. Mok Yiu Keung, Peter
“Independent Financial Adviser” or “Karl Thomson”	Karl Thomson Financial Advisory Limited, a corporation licensed under the SFO to carry out type 6 regulated activities (advising on corporate finance), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated by the KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps
“Independent Shareholders”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules, and in relation to the Company means the Shareholders other than KBC and its associates
“Joint Announcement”	joint announcement of KBC and the Company dated 1 April 2011 in relation to, among other things, the continuing connected transactions contemplated by the Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps
“KBC”	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 (Stock Code: 148) is the ultimate holding company of the Company
“KBC Group”	KBC and its subsidiaries, excluding the Group
“KBC Purchase Framework Agreement”	the agreement dated 1 April 2011 entered into between KBC and Hallgain in relation to the purchase of certain materials for the production of PCBs such as copper balls and drill bits from the Hallgain Group by the KBC Group for a term from 1 April 2011 to 31 December 2013
“KBL Agreements”	the Purchase Framework Agreement and the Supply Framework Agreement

DEFINITIONS

“Latest Practicable Date”	20 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PCBs”	printed circuit boards
“PRC”	the People’s Republic of China
“Purchase Framework Agreement”	the agreement dated 1 April 2011 entered into between the Company and Hallgain in relation to the purchase of certain materials for the production of laminates such as drill bits and machineries from the Hallgain Group by the Group for a term from 1 April 2011 to 31 December 2013
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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
“Supply Framework Agreement”	the agreement dated 1 April 2011 entered into between the Company and Hallgain in relation to the supply of copper and laminates by the Group to the Hallgain Group for a term from 1 April 2011 to 31 December 2013
“%”	per cent.

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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

Executive Directors:

Mr. Cheung Kwok Wa (*Chairman*)
Mr. Cheung Kwok Keung (*Managing Director*)
Mr. Cheung Kwok Ping
Mr. Lam Ka Po
Mr. Cheung Ka Ho
Ms. Chan Sau Chi
Mr. Liu Min
Mr. Zhou Pei Feng

Non-executive Director:

Mr. Lo Ka Leong

Independent Non-executive Directors:

Mr. Chan Charnwut Bernard
Mr. Chan Yue Kwong, Michael
Mr. Leung Tai Chiu
Mr. Mok Yiu Keung, Peter

Registered office:

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

*Head office and principal place
of business:*

2/F., Harbour View 1,
No. 12 Science Park East Avenue,
Phase 2 Hong Kong Science Park,
Shatin, New Territories,
Hong Kong

26 April 2011

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the Joint Announcement whereby it was announced that on 1 April 2011, (i) Hallgain entered into the KBC Purchase Framework Agreement and the Purchase Framework Agreement with KBC and the Company respectively, pursuant to which the Hallgain Group has agreed to sell and each of the KBC Group and the Group has agreed to purchase certain materials for the production of PCBs such as copper balls and drill bits and certain materials for the production of laminates such as drill bits and machineries during the term of the KBC Purchase Framework Agreement and the Purchase Framework Agreement respectively; and (ii) Hallgain entered into the Supply Framework Agreement with the Company, pursuant to which the Group has agreed to sell and the Hallgain Group has agreed to purchase copper and laminates during the term of the Supply Framework Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps; (ii) a letter from Karl Thomson to the Independent Board Committee and the Independent Shareholders containing its advice on the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps; (iii) the recommendation of the Independent Board Committee in respect of the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps; and (iv) a notice convening the EGM.

2. CONTINUING CONNECTED TRANSACTIONS

A. Supply Framework Agreement

Details and reasons for the transaction:

Particulars of the Supply Framework Agreement are set out below:

Date:	1 April 2011
Parties:	(1) Hallgain (2) the Company
Products to be supplied:	supply of copper and laminates by the Group to the Hallgain Group, without any limitation on the maximum or minimum quantity of copper and laminates to be purchased by the Hallgain Group
Pricing:	at a price which is not more favourable to the Hallgain Group than the price at which the Group sells similar products to independent third parties having regard to the quantity and other conditions of the sale
Term:	from 1 April 2011 to 31 December 2013, both days inclusive

Under the Supply Framework Agreement, the amount of copper and laminates to be supplied is not fixed but is to be determined and agreed between the parties from time to time. The Group will not be obligated to supply a minimum amount of copper and laminates to the Hallgain Group and the Hallgain Group will not be obligated to purchase any set quantity of copper and laminates from the Group during the term of the Supply Framework Agreement. The actual quantity, specification and price (with reference to the prevailing market price) of the copper and laminates under the Supply Framework Agreement will be subject to the individual orders placed by the Hallgain Group with the Group. The Group grants a credit period of 60 days to the Hallgain Group in respect of the sale of copper and laminates by the Group to the Hallgain Group.

LETTER FROM THE BOARD

B. Purchase Framework Agreement

Details and reasons for the transaction:

Particulars of the Purchase Framework Agreement are set out below:

Date:	1 April 2011
Parties:	(1) Hallgain (2) the Company
Products to be purchased:	purchase of certain materials for the production of laminates such as drill bits and machineries from the Hallgain Group by the Group, without any limitation on the maximum or minimum quantity of materials to be purchased by the Group
Pricing:	at a price which is not less favourable to the Group than the price at which the Group purchases, or would be able to purchase similar materials from independent third parties having regard to the quantity and other conditions of the purchase
Term:	from 1 April 2011 to 31 December 2013, both days inclusive

Under the Purchase Framework Agreement, the amount of materials such as drill bits and machineries to be purchased is not fixed but is to be determined and agreed between the parties from time to time. The Group will not be obligated to purchase a minimum amount of materials from the Hallgain Group and the Hallgain Group will not be obligated to sell any set quantity of materials to the Group during the term of the Purchase Framework Agreement. The actual quantity, specification and price (with reference to the prevailing market price) of materials such as drill bits and machineries under the Purchase Framework Agreement will be subject to the individual orders placed by the Group with the Hallgain Group. The Hallgain Group grants a credit period of 60 days to the Group in respect of the purchase of materials from the Hallgain Group by the Group.

LETTER FROM THE BOARD

C. Proposed Supply Annual Caps and Proposed Purchase Annual Caps

The following table sets out the proposed annual caps for each of the Supply Framework Agreement (the “Proposed Supply Annual Caps”) and the Purchase Framework Agreement (the “Proposed Purchase Annual Caps”) for the three financial years ending 31 December 2013:

	Financial year ending 31 December		
	2011	2012	2013
Supply Framework Agreement	HK\$901,000,000*	HK\$1,502,000,000	HK\$1,878,000,000
Purchase Framework Agreement	HK\$168,000,000*	HK\$280,000,000	HK\$350,000,000

* *Proposed amount for nine months from 1 April 2011 to 31 December 2011*

The Proposed Supply Annual Caps were determined with reference to the internal projection of the supplies to be made having regard to (i) the anticipated growth in demand of copper and laminates; (ii) the historical figures of the revenue of the Group from 2003 to 2010; (iii) the anticipated increase in market prices of copper and laminates; and (iv) inflation.

The Board has been informed by the Hallgain Group that the Hallgain Group has acquired PCBs operating plants and therefore the Hallgain Group anticipates a massive increase in the required volume of laminates and copper in the coming years. In this regard, the Board has to increase the amounts of the annual caps to fulfill the demand of the Hallgain Group.

The Proposed Purchase Annual Caps were determined with reference to the internal projection of the purchases to be incurred having regard to (i) technological advancement of the machineries provided by the Hallgain Group; (ii) the anticipated growth in demand for materials such as drill bits and machineries; (iii) anticipated increase in production of machineries by the Hallgain Group; and (iv) historical figures of the purchase amount of drill bits by the Group from 2008 to 2010.

The Board anticipates that the purchase of machineries from the Hallgain Group would be much higher than the historical purchase in 2010, reflecting the new production capacity from the new production lines of the Group. As a result, substantial increase in annual caps is set to allow more flexibility for the Group regarding the sourcing of machineries from the Hallgain Group to meet its future demand upon the completion of the construction of the new production lines.

Having considered the above and the expected growth in production and sales, expected increase in demand, expected increase in production capacity of the Group, and taking into consideration, the Board anticipates that the purchase of drill bits in 2011, 2012 and 2013 will not have a substantial increase, the estimated increase in the price for the supply of copper and laminates by the Group and the sale of materials such as drill bits and machineries by the Hallgain Group for each of the financial years ending 31 December 2011, 2012 and 2013, and on the assumption

LETTER FROM THE BOARD

that there will be an annual increase of approximately 25% in 2011, 2012 and 2013 in respect of the supply of copper and laminates to the Hallgain Group and the purchase of machineries from the Hallgain Group. Based on the revenue of the Group (generated mostly from the sale of copper and laminates) from 2003 to 2010 is at a compound annual growth rate of 24%, the Board anticipates an annual increase of approximately 25% in 2011, 2012 and 2013 for the supply of copper and laminates. The Directors are therefore of the view that the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are fair and reasonable.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE KBL AGREEMENTS

The Group is engaged in, among others, the manufacture and sale of laminates and related products and providing drilling services of laminates, which requires materials such as drill bits and specific machineries as a component for its production. The Hallgain Group is engaged in, among others, the manufacture and sale of drill bits and machineries. The provision of copper and laminates by the Group to the Hallgain Group under the Supply Framework Agreement not only facilitates the Group to distribute and sell its copper and laminates, thereby increasing the sales and revenue of the Group, it also secures a steady supply of copper and laminates to the Hallgain Group. The Group considers that the Hallgain Group is a reliable business co-operation partner and such co-operation is beneficial to the business of the Group.

The Group has been continuously expanding its laminates business. The Group anticipates that more materials such as drill bits and machineries for the manufacture of laminates will be required for it to further expand its business. Taking into account a range of factors including the reduction in transportation costs, the quality and the price of the machineries manufactured by the Hallgain Group for the production of laminates, the Group considers that the purchase of materials such as drill bits and machineries under the Purchase Framework Agreement is necessary to facilitate its expansion plan and will improve the competitiveness and the quality of the laminates manufactured by the Group.

The supplies of copper and laminates and purchases of drill bits and machineries contemplated under the respective KBL Agreements are to be of a recurrent revenue nature that they will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The respective KBL Agreements provide a framework for the supplies of copper and laminates by the Group to the Hallgain Group from time to time on a non-exclusive basis and the purchase of materials such as drill bits and machineries by the Group from the Hallgain Group from time to time on a non-exclusive basis and regulate the future possible business relationship between the Group and the Hallgain Group in relation to the transactions under the respective KBL Agreements.

The terms of the respective KBL Agreements were arrived at after arm's length negotiation between the relevant parties. Upon obtaining the approval from the Independent Shareholders and the independent shareholders of KBC in relation to the respective KBL Agreements, each of the Machinery Agreement (the "Machinery Agreement") and the Copper Supply Agreement (the "Copper Supply Agreement") as announced and defined in the announcement issued jointly by KBC and the Company on 22 December 2009 and the KBL Drill Bits Agreement (the "KBL Drill Bits Agreement") as announced and defined in the announcement issued jointly by KBC and the Company on 6 May 2010 will be terminated accordingly.

LETTER FROM THE BOARD

The annual caps of the Machinery Agreement, the Copper Supply Agreement, the KBL Drill Bits Agreement for the year ended 31 December 2010 and for the year ending 31 December 2011, are as follows:

	For the financial year ended 31 December 2010	For the financial year ending 31 December 2011
Machinery Agreement	HK\$7,000,000	HK\$8,400,000
Copper Supply Agreement	HK\$180,000,000	HK\$198,000,000
KBL Drill Bits Agreement	HK\$15,607,000*	HK\$28,093,000

* Amounts for the eight months ended 31 December 2010

The Board confirms that the above mentioned annual caps have not been exceeded for the year ended 31 December 2010 and during the period from 1 January 2011 to 31 March 2011.

The Board has adequate control procedures to monitor the actual transaction amounts so that the annual caps for 2011 regarding the Machinery Agreement, the Copper Supply Agreement and the KBL Drill Bits Agreement will not be exceeded prior to the EGM.

In light of the above, the Directors are of the view that the terms of the respective KBL Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The transactions under the respective KBL Agreements are carried out in the ordinary and usual course of business of the Group.

4. LISTING RULES IMPLICATIONS

The respective KBL Agreements and the transactions contemplated thereunder also constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules, on the basis that Hallgain, through its interests in KBC, is a substantial Shareholder, and hence a connected person of the Company under the Listing Rules. As the applicable percentage ratios in respect of the continuing connected transactions under the KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps, on an annual basis, are more than 5%, pursuant to Rule 14A.35 of the Listing Rules, the transactions under the respective KBL Agreements are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules and are subject to the Independent Shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

KBC, being a substantial Shareholder will abstain from voting on the resolution to be proposed at the EGM. Mr. Cheung Kwok Wa, being a Director and Shareholder and a director and shareholder of Hallgain, Mr. Cheung Kwok Ping and Mr. Lam Ka Po, each being a Director and being granted share options of the Company and a director and shareholder of Hallgain, have abstained from voting at the Board meeting approving the respective KBL Agreements and will abstain from voting on the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

An Independent Board Committee has been formed to consider and advise Independent Shareholders as to whether (i) the terms of the respective KBL Agreements; and (ii) the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Karl Thomson Financial Advisory Limited has been appointed as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in this respect.

5. GENERAL

The principal business of the Company is investment holding. The Group is principally engaged in the manufacture and sale of laminates and related upstream component materials.

The principal business of KBC is investment holding. The KBC Group is principally engaged in the manufacture and sale of PCBs, chemicals, LCDs, magnetic products, property development and investment.

The principal business of Hallgain is investment holding. The Hallgain Group is principally engaged in the manufacture and sale of electronic component parts, raw materials and machineries for the production of laminates and PCBs.

6. EGM

A notice convening the EGM is set out on pages 34 to 35 of this circular.

An ordinary resolution will be proposed at the EGM to approve the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

7. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the continuing connected transactions contemplated by the respective KBL Agreements have been conducted on normal commercial terms and are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors recommend all the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors was formed to advise the Independent Shareholders on the terms of the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps. Having considered the information contained in this letter and the advice of the Independent Financial Adviser set out on pages 14 to 25 of this circular, the Independent Board Committee considers that the terms of the continuing connected transactions contemplated by the respective KBL Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are fair and reasonable. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

8. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular, the letter from the Independent Financial Adviser set out on pages 14 to 25 of this circular and the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Cheung Kwok Wa
Chairman

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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

26 April 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 26 April 2011 (“Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context requires otherwise.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are fair and reasonable so far as the interests of the Shareholders are concerned. Accordingly, we have appointed Karl Thomson as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board on pages 4 to 11 of the Circular, which sets out information in connection with the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps. We also wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders which contains its advice to us in respect of the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps as set out on pages 14 to 25 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information contained in the letter from the Board and taking into account the advice and recommendation of Karl Thomson, we consider that the terms of the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Chan Charnwut Bernard, *Independent non-executive Director*

Chan Yue Kwong, Michael, *Independent non-executive Director*

Leung Tai Chiu, *Independent non-executive Director*

Mok Yiu Keung, Peter, *Independent non-executive Director*

LETTER OF ADVICE FROM KARL THOMSON

The following is the text of the letter of advice from Karl Thomson Financial Advisory Limited to the independent board committee of Kingboard Laminates Holdings Limited and its independent shareholders in respect of the continuing connected transactions contemplated under the Supply Framework Agreement and Purchase Framework Agreement for inclusion in this circular.



高信融資服務有限公司

Karl Thomson Financial Advisory Limited

27/F, Fortis Tower, 77-79 Gloucester Road,
Wanchai, Hong Kong

26 April 2011

*To the independent board committee and the independent shareholders of
Kingboard Laminates Holdings Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the independent board committee and the independent shareholders of the Company as to whether the terms of the continuing connected transactions contemplated under the Supply Framework Agreement and Purchase Framework Agreement (the “**Continuing Connected Transactions**”) between Kingboard Laminates Holdings Limited and Hallgain Management Limited are fair and reasonable and in the interests of the Company and its independent shareholders as a whole. Details of the Continuing Connected Transactions are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of Kingboard Laminates Holdings Limited dated 26 April 2011 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 1 April 2011, the Company entered into the KBL Agreements with Hallgain, pursuant to which the Group will supply copper and laminates to the Hallgain Group and on the other hand, the Group will purchase certain materials for the production of laminates such as drill bits and machineries from the Hallgain Group during the term of the Supply Framework Agreement and the Purchase Framework Agreement respectively. Hallgain, through its interests in KBC, is a substantial Shareholder and hence a connected person of the Company under the Listing Rules. As the applicable percentage ratios in respect of the continuing connected transactions under the KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps (as defined below), on an annual basis, are more than 5%, pursuant to Rule 14A.35 of the Listing Rules, the

LETTER OF ADVICE FROM KARL THOMSON

transactions under the respective KBL Agreements are subject to reporting, announcement and independent shareholders' approval requirements as set out in Rules 14A.45 to 14A.48 of the Listing Rules.

KBC, being a substantial Shareholder, will abstain from voting on the resolution to be proposed at the EGM. Mr. Cheung Kwok Wa, being a Director and Shareholder and a director and shareholder of Hallgain, Mr. Cheung Kwok Ping and Mr. Lam Ka Po, each being a Director and being granted share options of the Company and a director and shareholder of Hallgain, have abstained from voting at the Board meeting approving the respective KBL Agreements and will abstain from voting on the resolutions to be proposed at the EGM.

The Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders on whether the terms of the continuing connected transactions contemplated by the KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps are fair and reasonable and in the interests of the Company and Shareholders as a whole. In this regard, we have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent of the Company for the purposes of Rule 13.84 of the Listing Rules.

In formulating our opinion and advice, we have relied upon the accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management. We have assumed that all statements and representations made or referred to in the Circular were true at the time when they were made and continue to be true at the date of the EGM. We have also assumed that all statements of belief, opinion and intention made by the Company, the Directors and the management in the Circular were reasonable made after due enquiry. We consider that we have been provided with sufficient information to form a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and the management and have no reason to doubt that any relevant material facts have been withheld or omitted. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification on the information supplied.

LETTER OF ADVICE FROM KARL THOMSON

PRINCIPAL FACTORS AND REASONS CONSIDERED

To formulate our opinion regarding the continuing connected transactions contemplated under the KBL Agreements, we have taken into account the following principal factors and reasons:-

I. Background Information

(i) Information on the Group

The Company is an investment holding company, the subsidiaries of which are principally engaged in the manufacture and sale of laminates and related upstream component materials and providing drilling services of laminates, which requires materials such as drill bits and specific machineries as components for its production.

In the financial year ended 31 December 2010, the Group recorded a remarkable growth whereby the revenue was up by 44% and net profit posted an increase of 42%. As revealed in the annual report of the Company for the year ended 31 December 2010, such growth was attributable to the robust economic growth in the PRC, which stimulated demand for tablet personal computers ("PCs"), smart phones and high-end communication devices translating into strong demand of laminates and PCB products.

Table below summarized the audited financial report of the Company for the two years ended 31 December 2009 and 2010.

	For the year ended	
	31 December	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	13,055,205	9,070,983
Profit before tax	2,636,467	1,793,940
Profit after tax	2,366,684	1,665,823
	As of 31 December	
	2010	2009
	<i>HK\$' 000</i>	<i>HK\$'000</i>
Total asset	16,439,825	13,699,718
Total liabilities	5,586,438	4,487,190
Total net asset	10,853,387	9,212,528

LETTER OF ADVICE FROM KARL THOMSON

(ii) Information on Hallgain

Hallgain is a substantial Shareholder through its 31.09% interests in KBC. The principal business of Hallgain is investment holding. The Hallgain Group is principally engaged in the manufacture and sale of electronic component parts, raw materials and machineries for the production of laminates and PCBs.

II. Reasons for and benefits of entering into the KBL Agreements

As mentioned above, the Group is principally engaged in manufacture and sale of laminates and related upstream component materials and providing drilling services of laminates. In the production process of laminates, massive amounts of drill bits are required. Drill bits are cutting tools used to create cylindrical holes on a tough surface. As thousands of holes are drilled on the surface of laminates at a high speed during the manufacturing process, drill bits usually wear out easily. The Hallgain Group is engaged, amongst others, to supply drill bits and machineries to the Company in order to secure the continuous demand of drill bits and machineries by the Group. As disclosed in the annual report of the Company for the year ended 31 December 2010, the Group had been undergoing various expansion plans in its laminates manufacturing division. As more materials such as drill bits and machineries will be required once the new plants commence operation, a reliable source of supply of materials and machineries during each production stage is important to ensure smooth operation of the Group.

The supply of copper and laminates and purchase of drill bits and machineries contemplated under the respective KBL Agreements are of a recurrent nature and on a regular and continuing basis. The KBL Agreements are only to provide framework for the supplies of copper and laminates by the Group to the Hallgain from time to time on non-exclusive basis and purchase of drill bits and machineries by the Group from the Hallgain Group from time to time on a non-exclusive basis and regulate the future possible business relationship between the Group and the Hallgain Group in relation to the transactions under the KBL Agreements. Due to the fact that none of the KBL Agreements are on exclusive basis, they only serve as frameworks for future business relationship between the Group and the Hallgain Group and the Group is free to switch between different suppliers and new clients without limitation and obligation under the terms of the KBL Agreements. The KBL Agreements are not in place to refrain the Group from sourcing other suppliers and expanding its customer base.

LETTER OF ADVICE FROM KARL THOMSON

III. The KBL Agreements

(i) *The Supply Framework Agreement*

The key terms of the Supply Framework Agreement are summarized as follow:

Date	:	1 April 2011
Parties	:	purchaser: Hallgain supplier: the Company
Products to be supplied	:	supply of copper and laminates by the Group to the Hallgain Group, without any limitation on the maximum or minimum quantity of copper and laminates to be purchased by the Hallgain Group
Pricing	:	at a price which is not more favourable to the Hallgain Group than the price at which the Group sells similar products to independent third parties having regard to the quantity and other conditions of the sale
Term	:	from 1 April 2011 to 31 December 2013, both days inclusive

(ii) *The Purchase Framework Agreement*

The key terms of the Purchase Framework Agreement are summarized as follow:

Date	:	1 April 2011
Parties	:	purchaser: the Company supplier: Hallgain
Products to be purchased	:	purchase of certain materials for the production of laminates such as drill bits and machineries from the Hallgain Group by the Group, without any limitation on the maximum or minimum quantity of materials to be purchased by the Group
Pricing	:	at a price which is not less favourable to the Group than the price at which the Group purchases, or would be able to purchase similar materials from independent third parties having regard to the quantity and other conditions of the purchase

LETTER OF ADVICE FROM KARL THOMSON

Term : from 1 April 2011 to 31 December 2013, both days inclusive

Upon enquiry, we were advised that a credit period of 60 days was granted to the Group by the Hallgain Group in respect of the Purchase Framework Agreement; whereas under the Supply Framework Agreement, the Group normally granted a credit period of 60 days to the Hallgain Group. In this regard, quotations from the Hallgain Group and independent third parties of similar credibility were reviewed. From the documents provided, credit periods ranging from 30 days to 90 days were granted by the Group to its independent third party customers. The credit period granted to Hallgain falls into the range of the credit period granted to other independent third party customers.

Having considered the principal businesses of the Group and the nature of the transactions contemplated under the KBL Agreements, we are of the view that entering into the Purchase Framework Agreement and Supply Framework Agreement falls within the ordinary and usual course of business of the Group. Pursuant to the Purchase Framework Agreement, price of each transaction is agreed that it will be *“not less favourable to the Group than the price at which the Group purchases or would be able to purchase similar materials from independent third parties having regard to the quantity and other conditions of the purchase”*; and similarly, price of each transactions under the Supply Framework Agreement will be *“at a price which is not more favourable to the Hallgain Group than the price at which the Group sells similar products to independent third parties having regard to the quantity and other conditions of the sale”*. Since such legally binding agreements with clearly defined terms are in place and the price of products to be purchased from and sold to the Group will be set with reference to the prevailing market price, we are of the view that the pricing terms of the KBL Agreements are fair and reasonable. Therefore, we concur with the Directors’ view that the KBL Agreements are on normal commercial terms and the specific clauses in the KBL Agreements are set to ensure that there is no preferential or exclusive treatment to the Hallgain Group.

To further confirm that there has been no preferential treatment of purchase from and sales to the Group under the KBL Agreements, we have reviewed records of historical transactions between the relevant parties. The methodologies of our investigation and the results are set out under the section headed “Historical Transaction Records and Internal Control”.

IV. Historical Transaction Records and Internal Control

Upon enquiry, we were advised that the Company followed a routine mechanism of purchase for its raw materials. For transactions with its connected person, quotations are made periodically by the sourcing department from independent third party suppliers in comparison to the connected person. For the purpose of this letter of advice, we have retrieved records of historical transactions contemplated under the KBL Agreements in the financial year ended 31 December 2010 (the “**Reviewed Period**”)

LETTER OF ADVICE FROM KARL THOMSON

(i) Supply of copper and laminates by the Group to the Hallgain Group

Regarding transactions on supply of copper by the Group to the Hallgain Group, we were advised that Hallgain was the only customer of the Group. Due to the limited amount of copper sold, only one sample was picked in every month during the Reviewed Period, the price of which were compared with the historical copper price trading on the London Metal Exchange. The selling prices showed no significant deviation from the historical market price of copper. Therefore, we are of the view that price of copper sold to Hallgain followed the market price of copper in general. Furthermore, we were advised that there had been no sale of laminates by the Group to the Hallgain Group during the Reviewed Period, therefore no sample was available for our investigation.

(ii) Purchase of drill bits and machineries by the Group from the Hallgain Group

For the transactions between the Group and Hallgain Group in respect of the drill bits and machineries, 10 sets of invoices of the Group in relation to the purchase of drill bits were reviewed during the year of 2010; and another 10 sets of invoices for the purchase of machineries were reviewed and quotations from other independent third party suppliers of the Company were compared with. From the document provided, we notice that the aforesaid flow of purchase has been duly applied by the Company.

(iii) Internal Control

For continuing connected transactions, an ongoing monitoring procedure is more important than a one off investigation. The audit committee (the “**Audit Committee**”) comprising all the independent non-executive Directors has been set up to monitor the continuing connected transactions of the Company periodically. In particular, materials of the connected transactions including but not limited to summaries of continuing connected transactions during the period and quotations of purchase orders are presented to the Audit Committee members at least semi-annually. During the meeting amongst members of the Audit Committee, questions are raised should they have enquiries on any of the connected transactions. From the minutes of board meetings, the Directors were satisfied with the transaction records and did not raise concern on the Continuing Connected Transactions.

In light of the above, we are in the view that the Company has adopted an effective mechanism to ensure that the materials to be purchased and sold are at a fair price to the Company. More importantly, a sound internal control procedure is in place to monitor the continuing connected transactions of the Company such that all these transactions will comply with the Listing Rules. Therefore, we are of the view that the continuing connected transaction contemplated under the KBL Agreements are fair and reasonable and the interests of the Company and the Shareholders have been and will be safeguarded.

LETTER OF ADVICE FROM KARL THOMSON

V. Proposed Annual Caps

(i) *Proposed annual caps for the Supply Framework Agreement*

The following table sets out the proposed annual caps for the Supply Framework Agreement for the three years ending 31 December 2013 (“**Proposed Supply Annual Caps**”):

	Financial year ending 31 December		
	2011	2012	2013
Proposed Supply Annual Caps	HK\$901,000,000*	HK\$1,502,000,000	HK\$1,878,000,000
Annualized Proposed Supply Annual caps	HK\$1,201,000,000	–	–
Annualized growth rate	–	25%	25%

* *Proposed amount for nine months from 1 April 2011 to 31 December 2011.*

According to the management of the Company, the Proposed Supply Annual Caps were determined with reference to the internal projection of the purchases to be incurred having regarded to:

- (i) the anticipated growth in demand of copper and laminates;
- (ii) the historical figures of the revenue of the Group from 2003 to 2010;
- (iii) the anticipated increase in market prices of copper and laminates; and
- (iv) inflation.

According to the management, the actual sale of copper by the Group to the Hallgain Group amounted to approximately HK\$170,242,000 in the financial year ended 31 December 2010 and there was no sale of laminates to the Hallgain Group by the Company during the year. In arriving the proposed annual cap for 2011, a growth of approximately seven-folds on the actual sales in 2010 has been incorporated. The reason for setting such a large annual cap is to allow for the potential increase in demand of copper and laminates by the Hallgain Group, which has recently acquired PCB operating plants in the PRC in April 2010. In this regard, we have reviewed breakdown of expected demand of laminates by the Hallgain Group in 2011 for each of the newly acquired manufacturing plants. The data reflects that there will probably be a massive increase in the required volume of laminates and copper in the coming years as a result of the aggregated production capacity. From the perspective of the Company, as the construction and expansion of new and current production lines are underway to increase the total production capacity of the Group, the Group will be able to support a greater demand of

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product by Hallgain. Details of the business development plan of the Company have been disclosed in the section headed “(ii) The proposed annual caps for the Purchase Framework Agreement” hereunder. As a result, sizes of the annual caps have been adjusted to fulfill the future demand of the Hallgain Group. Moreover, a growth rate of 25% has been used for setting the annual caps for 2012 and 2013, which is determined with reference to the approximately 24% compound annual growth rate of the total revenue of the Company since 2003.

For the purpose of this letter of advice, we have conducted an investigation on the outlook of the laminate manufacturing industry. Since the major usage of laminates is for producing PCBs, which are mainly used in electronic product, the demand of laminates generally follows the demand of PCBs. According to the National Bureau of Statistics of China, since the outbreak of the global financial crisis in 2008, production on integrated circuits in the PRC has recorded a compound annual growth rate of approximately 21.93% from 2008 to 2010. The increasing trend is expected to persist as the global economy picks up and prosper, stimulating the demand of electronic products worldwide. Moreover, apart from the PRC, Japan used to be the major exporter of high-end electronic components, producing approximately 20% of the total world consumption. The earthquake in March 2011 has caused shutting down of a great number of manufacturing plants in the north eastern region of Japan. Serving as a substitute to the Japanese electronic components, manufacturers in the PRC will probably one of the sectors to be benefited from the chaotic disasters in Japan.

Moreover, as mentioned above, the Hallgain Group has acquired new plants in the PRC. The management expects an increase in demand of materials by the Hallgain Group in the coming years due to the increase in overall production capacity.

Apart from the potential factors affecting the potential volume of sales of copper and laminates, inflation in the PRC has been affecting price of production materials as well. The massive quantitative easing scheme announced by the US government in mid 2010 leads to a global inflation and China, where most production of the Company is located, is no exception. China reported an inflation rate of 4.9% in 2010 according to the data released by the National Bureau of Statistics of China. Moreover, dearer oil price caused by the Middle East crisis further stokes the inflation in the PRC. The inflationary economy has resulted soaring in costs of materials for many industries. It is reasonable for the management to take the future inflation into consideration.

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(ii) *The proposed annual caps for the Purchase Framework Agreement*

The following table sets out the proposed annual caps for the Purchase Framework Agreement for the three years ending 31 December 2013 (the “**Proposed Purchase Annual Caps**”):

	Financial year ending 31 December		
	2011	2012	2013
Proposed Purchase Annual Caps	HK\$168,000,000*	HK\$280,000,000	HK\$350,000,000
Annualized Proposed Purchase Annual Caps	HK\$224,000,000	-	-
Annualized growth rate	-	25%	25%

* *Proposed amount for nine months from 1 April 2011 to 31 December 2011.*

According to the management of the Company, the Proposed Purchase Annual Caps were determined with reference to the internal projection of the sales to be incurred having regarded to:

- (i) technological advancement of the machineries provided by the Hallgain Group;
- (ii) the anticipated growth in demand of materials such as drill bits and machineries;
- (iii) the anticipated increase in production of machineries by the Hallgain Group; and
- (iv) historical figures of purchase amount of drill bits by the Group from 2008 to 2010.

According to the management, amount of purchase of drill bits and machineries by the Group from the Hallgain Group was very small in 2010 due to the fact that the manufacturing plants of Hallgain were at early stage of production, sale of machineries to the Group were on trial basis only. In 2010, purchase of machineries and drill bits from Hallgain amounted to approximately HK\$7 million and HK\$14 million respectively, or HK\$21 million in total. Comparing to the actual purchase amount in 2010, it appears that a larger annual cap has been set for 2011 regarding purchase of drill bits and machineries by the Group from the Hallgain Group. Upon further discussion with the management, we are advised that the price range of machineries is much wider than other components and materials like copper balls and drill bits due to its great variety in terms of efficiency, complexity and specification. In determining the annual caps, the management has taken reference with the expected increase in production capacity of the Group instead of solely rely on the historical amount of purchase in 2010. Furthermore, as the

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technology of machinery manufacturing of the Hallgain Group matured, more machineries with specifications and models fulfilling the technical requirement of the Group will be produced. Therefore, greater amount of purchase of machineries from the Hallgain Group by the Group is expected.

Upon further enquires, the management of the Company revealed that the exact number and model of machineries required by the Group had not been determined as the new plants were yet to commence production and no concrete purchasing plans had been finalized. Based on the designed production capacities of the new plants, however, the management expected that the amount of purchase on machineries and drill bits would be much higher than the historical purchase of HK\$21 million in 2010, reflecting the higher production capacity resulted from the construction of the new production lines.

As disclosed in the annual report of the Company for the year ended 31 December 2010, the Group had focused on expanding the production capacities on the production of thin and high performance laminates. The annual report further disclosed that the Company was underway to build a new glass fabric plant and a glass yarn plant in Jiangsu province over the next two years to secure the supply of key upstream materials for laminates division in eastern China. The Group was under discussion with local authorities in Shenzhen to explore the feasibility of redeveloping the existing laminates manufacturing plant in the province. The management anticipates that upon the completion of the business development, the total production capacity of the Company in self-manufacturing upstream components and final products will be increased by 40% and 20% respectively. Logically, the increase in production capacity resulted from the expansion plans will require more materials. Since the new plants will commence operations in two years, the management expects that more and newer machineries with higher productivities will be installed. Therefore, we consider that a higher annual cap for 2011 is reasonable and appropriate to meet the future production plan of the Company. Moreover, growth rate of 25% is set on the annual caps for 2012 and 2013. As the size of growth is similar to the compound annual growth rate in total revenue of the Group of approximately 24% since 2003, we consider that the sizes of the annual caps are fair and reasonable.

In light of the above, annual caps of sufficient sizes are set to allow for the future business growth of the Group and to tolerate for the rising costs of production.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons and in particular, the followings:-

- (i) the KBL Agreements falls within the ordinary and usual course of business of the Group;
- (ii) the KBL Agreements are of standard commercial terms with specific clauses to ensure that there is no preferential or exclusive treatment to the Hallgain Group;

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- (iii) a sound internal control system is in place in the Group to monitor the future continuing connected transactions contemplated under the KBL Agreements and to ensure compliance with the Listing Rules; and
- (iv) the sizes of annual caps of the KBL Agreements have been projected based on the business plan and economic factors in the PRC with reasonable supports.

Having considered the above, we are of the opinion that terms of the Purchase Framework Agreement, the Supply Framework Agreement and their respective annual caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Continuing Connected Transactions.

Yours faithfully,
For and on behalf of
Karl Thomson Financial Advisory Limited
Alex Chow
Director

1. RESPONSIBILITY STATEMENTS

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Company and its associates

As at the Latest Practicable Date, the following Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange:

Long Positions

(i) Ordinary shares of HK\$0.10 each in the Company ("Shares")

Name of Director	Capacity	Interest in underlying Shares pursuant to share options (Note)	Number of Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Kwok Wa	Beneficial owner	12,500,000	336,000	0.011
Mr. Cheung Kwok Keung	Beneficial owner	11,500,000	-	-
Mr Cheung Kwok Ping	Beneficial owner	10,000,000	-	-
Mr. Lam Ka Po	Beneficial owner	10,000,000	-	-
Mr. Cheung Ka Ho	Beneficial owner	10,000,000	89,000	0.003
Ms. Chan Sau Chi	Beneficial owner	10,000,000	60,000	0.002
Mr. Chan Bernard Charnwut	Beneficial owner	-	40,000	0.001

Note: The interests are by virtue of share options granted to the Directors on 21 March 2011, which entitled the relevant Directors to subscribe for Shares at an exercise price of HK\$6.54 per Share during the period from 21 March 2011 to 17 May 2017.

(ii) **Non-voting deferred shares of HK\$1.00 each of Kingboard Laminates Limited, a wholly-owned subsidiary of the Company**

Name of Director	Capacity	Number of non-voting deferred shares held (Note)
Mr. Cheung Kwok Wa	Beneficial owner	1,058,000
Mr. Cheung Kwok Keung	Beneficial owner	529,000
Mr. Cheung Kwok Ping	Beneficial owner	952,200
Mr. Lam Ka Po	Beneficial owner	581,900

Note: None of the non-voting deferred shares of Kingboard Laminates Limited are held by the Group. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.

(iii) **Ordinary shares (“Kingboard Shares”) of HK\$0.10 each of Kingboard Chemical Holdings Limited (“Kingboard”)**

Name of Director	Capacity	Interest in underlying Kingboard Shares pursuant to warrants (Note 1)	Number of Kingboard Shares held (Note 3)	Approximate percentage of the issued share capital of Kingboard (%)
Mr. Cheung Kwok Wa	Beneficial owner	124,700	2,232,000	0.261
Mr. Cheung Kwok Keung	Beneficial owner	215,985	1,467,352	0.172
Mr. Cheung Kwok Ping	Beneficial owner	246,865	2,738,653	0.321
Mr. Lam Ka Po	Beneficial owner	159,973	2,231,634	0.261
Mr. Cheung Ka Ho	Beneficial owner	5,000	290,000	0.034
Ms. Chan Sau Chi	Beneficial owner	182,000 (Note 2)	2,940,000 (Note 3)	0.344
Mr. Liu Min	Beneficial owner	9,000 (Note 4)	97,500 (Note 4)	0.011

Notes:

- (1). The interests are by virtue of warrants which entitled the warrant holders to subscribe for Kingboard Shares at an exercise price of HK\$40.00 per share during the period from 5 May 2010 and up to 31 October 2012 (both days inclusive).
- (2). 181,000 warrants were held by her spouse.
- (3). 2,830,000 shares were held by her spouse.
- (4). The warrants and shares were held by his spouse.

(iv) Share options of Kingboard

Name of Director	Capacity	Interest in underlying Kingboard Shares pursuant to 2011 share options of Kingboard (Note 1)
Mr. Cheung Kwok Keung	Beneficial owner	2,440,000
Ms. Chan Sau Chi	Beneficial owner	2,600,000 (Note 2)

Notes:

- (1) The interests are by virtue of share options granted to the directors on 21 March 2011, which entitled the relevant directors to subscribe for Kingboard Shares at an exercise price of HK\$40.70 per Kingboard Share during the period from 21 March 2011 to 22 March 2019.
- (2) The 2,600,000 share options were held by her spouse.

(v) Ordinary shares ("EEIC Shares") of Elec & Eltek International Company Limited ("EEIC"), a fellow subsidiary of the Company

Name of Director	Capacity	Number of issued EEIC Shares held	Approximate percentage of the issued share capital of EEIC (%)
Mr. Cheung Kwok Wa	Beneficial owner	694,600	0.37
Mr. Cheung Kwok Ping	Beneficial owner	486,000	0.26
Mr. Lam Ka Po	Beneficial owner	486,600	0.26
Ms. Chan Sau Chi	Beneficial owner	1,120,200 (Note)	0.60

Note: 1,120,200 EEIC Shares were held by her spouse.

(b) 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 SFO

As at the Latest Practicable Date, so far as the Directors are aware, the register required to be maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following entities have, directly or indirectly, interests or short position in the shares and the underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (other than a Director or chief executive of the Company), or have, directly or indirectly, interests in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long Positions

Shares

Name of Shareholders	Notes	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hallgain	(a)	Beneficial owner	1,500,000	0.05
	(b)	Interest of controlled corporations	1,980,822,500	66.02
Kingboard		Beneficial owner	65,173,500	2.17
	(c)	Interest of controlled corporations	1,915,649,000	63.85
Jamplan (BVI) Limited ("Jamplan")		Beneficial owner	1,790,000,000	59.66
	(d)	Interest of a controlled corporation	125,649,000	4.19
Capital Research and Management Company		Beneficial owner	212,493,851	7.08

Notes:

- (a) As at the Latest Practicable Date, (i) no shareholder of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors were not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wa, Cheung Kwok Ping and Lam Ka Po, being Directors, were also directors of Hallgain.
- (b) The interests were held by Kingboard directly and indirectly. As at the Latest Practicable Date, Kingboard was owned by Hallgain as to approximately 31.09% of the entire issued share capital of Kingboard.
- (c) The interests were held by Jamplan directly and indirectly. Jamplan is a wholly-owned subsidiary of Kingboard. Mr. Lam Ka Po, being a Director, is a director of Jamplan.
- (d) The interests were indirectly held by Jamplan through its wholly-owned subsidiary, Kingboard Investments Limited, a company incorporated in Hong Kong. Messrs. Cheung Kwok Wa and Cheung Kwok Ping, who were Directors, were also directors of Kingboard Investments Limited.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

4. DIRECTORS' INTEREST IN SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or is proposing to enter into a service contract with any member of the Group which may not be terminated by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates was considered by the Company to have interests in business which compete with, or might compete with, either directly or indirectly, with the business of the Group, other than those business in which such directors have been appointed to represent the interests of the Company and/or other members of the Group.

6. EXPERT'S QUALIFICATION AND CONSENT

- (a) Karl Thomson is a corporation deemed licensed under the transitional arrangement to carry on type 6 (advising on corporate finance) regulated activities under the SFO.
- (b) As at the Latest Practicable Date, Karl Thomson did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Karl Thomson has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they appear.

- (d) The letter and recommendation given by Karl Thomson are given as of the date of this circular for incorporation herein.
- (e) Karl Thomson has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up. No contract or arrangement in which a Director was materially interested and which was significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

8. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is 2/F., Harbour View 1, No. 12 Science Park East Avenue, Phase 2 Hong Kong Science Park, Shatin, New Territories, Hong Kong.
- (c) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the Company's principal place of business in Hong Kong at 2/F., Harbour View 1, No. 12 Science Park East Avenue, Phase 2 Hong Kong Science Park, Shatin, New Territories, Hong Kong during normal business hours on any weekday (except for public holidays) up to and including 16 May 2011:

- (a) the Machinery Agreement, the Copper Supply Agreement, the KBL Drill Bit Agreement and the respective KBL Agreements;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 12 to 13 of this circular;

- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 25 of this circular;
- (d) the written consent of Karl Thomson referred to in paragraph 6(c) above; and
- (e) the memorandum and articles of association of the Company.

KB

KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Kingboard Laminates Holdings Limited (“**Company**”) will be held at 2/F., Harbour View 1, No. 12 Science Park East Avenue, Phase 2 Hong Kong Science Park, Shatin, New Territories, Hong Kong, on 16 May 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the continuing connected transactions contemplated by the respective KBL Agreements, the Proposed Supply Annual Caps and the Proposed Purchase Annual Caps (such terms shall have the meaning as defined in the circular to the shareholders of the Company dated 26 April 2011) be and are hereby approved and **THAT** any director of the Company be and is hereby authorised to do, approve and transact all such acts and things as they may in their discretion consider necessary or desirable in connection therewith.”

By order of the Board of
Kingboard Laminates Holdings Limited
CHEUNG Kwok Wa
Chairman

Hong Kong, 26 April 2011

Hong Kong Head Office and principal place of business:
2/F., Harbour View 1,
No. 12 Science Park East Avenue,
Phase 2 Hong Kong Science Park,
Shatin, New Territories,
Hong Kong

Notes:

1. Any shareholder of the Company (“Shareholder(s)”) entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder.
2. Where there are joint registered holders of any share in the issued share capital of the Company (“Share(s)”), any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he/she/it were solely entitled thereto. But if more than one of such joint holders be

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present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company (“Register of Members”) in respect of such Share shall alone be entitled to vote in respect thereof.

3. In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting as the case may be.
4. As at the date hereof, the board of Directors consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho, Chan Sau Chi, Liu Min and Zhou Pei Feng, being the executive Directors, Mr. Lo Ka Leong, being the non-executive Director, and Messrs. Chan Charnwut Bernard, Chan Yue Kwong, Michael, Leung Tai Chiu and Mok Yiu Keung, Peter, being the independent non-executive Directors.