

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 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 5 to 15 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Karl Thomson Financial Advisory Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 35 of this circular.

A notice convening an 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 20 December 2011 at 10:30 a.m. is set out on pages 44 to 45 of this circular. Whether or not you are able to attend 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later 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 desire.

30 November 2011

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DEFINITIONS

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

“2008 Copper Foil Supply Agreement”	an agreement dated 13 December 2008 made between Kingboard Copper Foil and Kingboard to supplement the original agreement dated 29 November 1999 and the supplemental agreement dated 5 November 2006, both between the same parties, in relation to the supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (other than Kingboard Copper Foil Group itself) for a term from 1 January 2009 to 31 December 2011;
“2008 Material Purchase Agreement”	an agreement dated 13 December 2008 made between the Company and Kingboard in relation to the purchase of Chemicals and drill bits from the Retained Group for a term from 1 January 2009 to 31 December 2011;
“2008 Material Supply and Service Agreement”	an agreement dated 13 December 2008 made between the Company and Kingboard in relation to the supply of laminate products and related upstream component materials (other than copper foil) and the provision of drilling services by the Group to the Retained Group for a term from 1 January 2009 to 31 December 2011;
“Articles”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Chemicals”	chemicals including methanol, formalin, phenol, acetone, phenol resin and caustic soda;
“Company”	Kingboard Laminates Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	the transactions under the New Material Purchase Agreement and the New Material Supply and Service Agreement;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

DEFINITIONS

“Director(s)”	director(s) of the Company;
“EGM”	extraordinary general meeting to be held by the Company to approve, among other things, the Continuing Connected Transactions and the Proposed Annual Caps;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Chan Yue Kwong, Michael, Mr. Leung Tai Chiu, Mr. Mok Yiu Keung, Peter and Mr. Ip Shu Kwan, Stephen;
“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 and the Proposed Annual Caps;
“Independent Shareholder(s)”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules;
“Independent Third Parties”	person(s) or company(ies) who/which is or are independent of and not connected with the Company and its connected person(s);
“Kingboard”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, being the ultimate holding company of the Company;
“Kingboard Copper Foil”	Kingboard Copper Foil Holdings Limited, a company incorporated in Bermuda with limited liability and a 64.57% non-wholly owned subsidiary of the Company as at the Latest Practicable Date and whose shares are listed on SGX-ST;

DEFINITIONS

“Kingboard Copper Foil Group”	Kingboard Copper Foil and its subsidiaries;
“Kingboard Group”	Kingboard and, as the context may require, its subsidiaries including the Group;
“Latest Practicable Date”	25 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange;
“New Material Purchase Agreement”	an agreement dated 7 November 2011 made between the Company and Kingboard in relation to the purchase of Chemicals by the Group from the Retained Group for a term from 1 January 2012 to 31 December 2014;
“New Material Supply and Service Agreement”	an agreement dated 7 November 2011 made between the Company and Kingboard in relation to the supply of laminate products and related upstream component materials (including copper foil) and provision of drilling services by the Group to the Retained Group for a term from 1 January 2012 to 31 December 2014;
“PRC”	the People’s Republic of China;
“Proposed Annual Caps”	the proposed annual caps for each of the Continuing Connected Transactions for each of the three financial years ending 31 December 2012, 2013 and 2014 and subject to the approval of the Independent Shareholders at the EGM as more particularly set out in this circular;
“Retained Group”	Kingboard and its subsidiaries (excluding the Group);
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“SGX-ST”	the Singapore Exchange Securities Trading Limited;

DEFINITIONS

“SGX-ST Listing Manual”	the listing manual of SGX-ST;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules.



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 Yue Kwong, Michael
Mr. Leung Tai Chiu
Mr. Mok Yiu Keung, Peter
Mr. Ip Shu Kwan, Stephen

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

30 November 2011

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 7 November 2011 in which it was announced that the New Material Purchase Agreement and the New Material Supply and Service Agreement were entered into between the Company and Kingboard on the same day.

By way of background, the Company and Kingboard entered into the 2008 Material Purchase Agreement on 13 December 2008, pursuant to which the Group agreed to purchase Chemicals and drill bits from the Retained Group.

LETTER FROM THE BOARD

The Company and Kingboard also entered into the 2008 Material Supply and Service Agreement on 13 December 2008, pursuant to which the Retained Group agreed to purchase laminate products and related upstream component materials (other than copper foil) from the Group and to engage the Group for the provision of drilling services.

Kingboard Copper Foil, a non wholly-owned subsidiary of the Company whose shares are listed on SGX-ST, and Kingboard entered into the 2008 Copper Foil Supply Agreement on 13 December 2008, pursuant to which Kingboard Group (other than Kingboard Copper Foil Group itself) agreed to purchase copper foil from Kingboard Copper Foil Group.

Kingboard is the ultimate holding company of the Company and owned, directly or indirectly, 66.42% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Kingboard is a connected person of the Company and members of the Retained Group are also connected persons of the Company under the Listing Rules. Each of the above transactions constituted non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules, and were subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

On 2 February 2009, the Independent Shareholders approved the continuing connected transactions under the 2008 Material Purchase Agreement, the 2008 Material Supply and Service Agreement and the 2008 Copper Foil Supply Agreement and the annual caps thereof for the three financial years ending 31 December 2011. It is intended that similar transactions will continue following expiration of the financial year ending 31 December 2011. Accordingly, the Company entered into the New Material Purchase Agreement and the New Material Supply and Service Agreement with Kingboard on 7 November 2011 and proposes to seek the Independent Shareholders' approval for the Continuing Connected Transactions and the Proposed Annual Caps.

The purpose of this circular is to provide you with, among other things, (i) details of the Continuing Connected Transactions and the Proposed Annual Caps; (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Continuing Connected Transactions and the Proposed Annual Caps; (iii) the recommendation of the Independent Board Committee in respect of the Continuing Connected Transactions and the Proposed Annual Caps; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Purchase of Chemicals from the Retained Group

Particulars of the New Material Purchase Agreement:

Date:	7 November 2011
Parties:	(1) Kingboard (2) the Company
Products to be purchased:	purchase of Chemicals from the Retained Group
Pricing:	in accordance with the then-prevailing market prices, but in no event will the terms be less favourable to the Group than those offered to Independent Third Parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances
Term:	from 1 January 2012 to 31 December 2014, both days inclusive

Details and reasons for the transactions:

Under the New Material Purchase Agreement, the amount of Chemicals are not fixed but are to be determined and agreed between the parties from time to time. The Group will not be obligated to purchase a minimum amount of Chemicals from the Retained Group and the Retained Group will not be obligated to supply any set quantity of Chemicals to the Group during the term of the New Material Purchase Agreement.

The terms of the New Material Purchase Agreement were arrived at after arm's length negotiation between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the New Material Purchase Agreement 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 New Material Purchase Agreement are carried out in the ordinary and usual course of business of the Group.

The Chemicals are essential for the production of phenolic resin and epoxy resin and consequently for the production of laminates and related upstream component materials by the Group. Although the Group does not rely on the Retained Group for the purchase of Chemicals since such Chemicals are readily available from Independent Third Parties at comparable prices and terms, the purchase of Chemicals from the Retained Group is in the interest of the Group given the scale of the Retained Group, which enables the Retained Group to offer a variety of Chemicals to satisfy the Group's need, and the relationship of the Group and the Retained Group, which facilitates efficiency.

LETTER FROM THE BOARD

Historical amounts and proposed annual caps:

The following table sets forth the historical purchases made by the Group and the proposed annual caps for the New Material Purchase Agreement:

	Financial year ended/ending 31 December		
	2009	2010	2011
Historical purchases ¹ (HK\$'000)	370,343	504,457	547,720 ²
	2009	2010	2011
Annual caps ¹ (HK\$'000)	392,000	548,800	768,320
	2012	2013	2014
Proposed annual caps ³ (HK\$'000)	999,000	1,298,000	1,688,000

Notes:

1. For the purchase of Chemicals and drill bits under the 2008 Material Purchase Agreement.
2. This refers to the actual transaction amount for the nine months ended 30 September 2011. As at the Latest Practicable Date, the actual transaction amount under the 2008 Material Purchase Agreement had not exceeded the corresponding annual caps.
3. For the purchase of Chemicals under the New Material Purchase Agreement.

While the global economy remains volatile, the PRC market is still generally regarded as promising as compared to many other countries. The Company believes that the economic growth in the PRC will stimulate the demand (particularly the domestic demand) for electronic products, such as mobile phones and consumer products, and as a result, there will be an increasing demand for laminates for the production of electronic products. As such, the increasing demand will lead to the corresponding increasing demand for Chemicals which are used for the production of laminates.

The strong market growth can be illustrated by the historical purchases made by the Group in 2009, 2010 and the first nine months of 2011. The actual transaction amount under the 2008 Material Purchase Agreement in 2010 as compared to that in 2009 increased by approximately 36%. As compared to the actual transaction amount in 2010, the projected transaction amount in 2011, being approximately HK\$730,293,000, also increases by approximately 45%.

LETTER FROM THE BOARD

Having considered the above and the historical revenue, expected growth in production and sales, expected increase in demand, expected increase in production capacity of the Group, and taking into consideration the estimated increase in the price for the sale of Chemicals by the Retained Group and the projected global economy for the financial years ending 31 December 2012, 2013 and 2014, and on the basis that, for the reason below, there will be an annual increase of approximately 30% in 2012, 2013 and 2014 (as compared to the annual cap for the corresponding previous year), the Directors (including the independent non-executive Directors) are of the view that the above proposed annual caps in respect of the purchases of Chemicals by the Group from the Retained Group under the New Material Purchase Agreement are fair and reasonable. The estimated annual increase of approximately 30% in 2012, 2013 and 2014 (as compared to the annual cap for the corresponding previous year) was arrived at after taking into account the difference between the projected transaction amount for the financial year ending 31 December 2011 (being approximately HK\$730,293,000) and the actual transaction amount for the financial year ended 31 December 2010 (being approximately HK\$504,457,000) (such difference being approximately HK\$225,836,000, which is equivalent to approximately 30% over the 2011 annual cap).

2. Sale of laminates and related upstream component materials and provision of drilling services to the Retained Group

Particulars of the New Material Supply and Service Agreement:

Date:	7 November 2011
Parties:	(1) Kingboard (2) the Company
Products and services to be supplied:	supply of laminate products and related upstream component materials (including copper foil from third parties and, subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of the SGX-ST Listing Manual, from Kingboard Copper Foil Group) and provision of drilling services by the Group to the Retained Group
Pricing:	in accordance with the then-prevailing market prices, but in no event will the terms be more favourable to the Retained Group than those offered by the Group to Independent Third Parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances
Term:	from 1 January 2012 to 31 December 2014, both days inclusive

LETTER FROM THE BOARD

Details and reasons for the transactions:

Under the New Material Supply and Service Agreement, the amount of laminates and related upstream component materials (including copper foil) to be sold and the drilling services to be provided are not fixed but are to be determined and agreed between the parties from time to time. The Group will not be obligated to supply a minimum amount of laminates and related upstream component materials (including copper foil) or to provide drilling services to the Retained Group and the Retained Group will not be obligated to purchase any set quantity of laminates or related upstream component materials (including copper foil) or to utilise the drilling services offered by the Group during the term of the New Material Supply and Service Agreement.

The New Material Supply and Service Agreement is a comprehensive agreement covering the supply of laminates and related upstream component materials (including copper foil from third parties and, subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of the SGX-ST Listing Manual, from Kingboard Copper Foil Group) and provision of drilling services. Kingboard Copper Foil is a non-wholly owned subsidiary of the Company whose shares are listed on the SGX-ST. The supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (other than Kingboard Copper Foil Group itself) constitutes interested person transactions of Kingboard Copper Foil under the SGX-Listing Manual. On 3 January 2011, Kingboard Copper Foil entered into an agreement with Kingboard to supplement the 2008 Copper Foil Supply Agreement for the supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (other than Kingboard Copper Foil Group itself) for the financial years ending 31 December 2013 subject to compliance with, among other things, the requirements of the SGX-Listing Manual. At the annual general meeting of Kingboard Copper Foil on 29 April 2011, the shareholders of Kingboard Copper Foil disapproved the aforesaid interested persons transactions. Accordingly, Kingboard Copper Foil Group currently does not supply copper foil to Kingboard Group (including the Group other than Kingboard Copper Foil Group itself) under any agreement between Kingboard Copper Foil and Kingboard but may resume so in the future subject to compliance with the requirements of the SGX-ST Listing Manual. The New Material Supply and Service Agreement provides the flexibility for the Group to supply laminates products and related upstream component materials (including copper foil from third parties and, subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of the SGX-ST Listing Manual, from Kingboard Copper Foil Group) and provide drilling services to the Retained Group. Historically, the Group (other than Kingboard Copper Foil Group itself) did not supply copper foil to the Retained Group purchased from Kingboard Copper Foil Group or third parties given that Kingboard Copper Foil Group directly supplied copper foil to the Retained Group. The Group (excluding Kingboard Copper Foil Group) currently purchases copper foil from third party suppliers for internal use. The Group may sell copper foil (including copper foil from third parties and subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of the SGX-ST Listing Manual, from Kingboard Copper Foil Group) to the Retained Group at the then-prevailing market

LETTER FROM THE BOARD

prices pursuant to the New Material Supply and Service Agreement in the future. The reason for supplying copper foil purchased from third parties to the Retained Group is that the Group can benefit from the economy of scale, namely by purchasing a larger quantity of copper foil at lower price to satisfy the Group's demand for copper foil and selling any additional copper foil to the Retained Group at the then-prevailing market price. Kingboard Copper Foil Group currently does not supply copper foil to Kingboard Group (including the Group other than Kingboard Copper Foil Group itself) as its shareholders disapproved the supply of copper foil by it to its interested persons at the annual general meeting of Kingboard Copper Foil on 29 April 2011. Given that any supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (including the Group other than Kingboard Copper Foil Group itself) shall be subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of the SGX-ST Listing Manual (including approval of the shareholders of Kingboard Copper Foil if necessary), the arrangement under the New Material Supply and Service Agreement does not contravene the relevant requirements of the SGX-ST Listing Manual.

The terms of the New Material Supply and Service Agreement were arrived at after arm's length negotiation between the relevant parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the New Material Supply and Service Agreement 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 New Material Supply and Service Agreement are carried out in the ordinary and usual course of business of the Group.

While the Group does not rely on the Retained Group for the sale of laminates and related upstream component materials and provision of drilling services, given that the Group has established a close working relationship with the Retained Group, the Company believes that transactions under the New Material Supply and Service Agreement will enhance the revenue of the Group through increased sales and thus benefit the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Historical amounts and proposed annual caps:

The following table sets forth the historical sales made to the Retained Group and the proposed annual caps for the New Material Supply and Service Agreement:

	Financial year ended/ending		
	31 December		
	2009	2010	2011¹
<i>Historical sales (HK\$'000)</i>			
– 2008 Material Supply and Service Agreement	1,728,435	2,008,775	1,327,421
– 2008 Copper Foil Supply Agreement	<u>372,854</u>	<u>582,318</u>	<u>414,518</u>
total:	<u><u>2,101,289</u></u>	<u><u>2,591,093</u></u>	<u><u>1,741,939</u></u>
 <i>Annual caps (HK\$'000)</i>			
– 2008 Material Supply and Service Agreement	3,050,000	3,050,000	3,050,000
– 2008 Copper Foil Supply Agreement	<u>784,000</u>	<u>784,000</u>	<u>784,000</u>
total:	<u><u>3,834,000</u></u>	<u><u>3,834,000</u></u>	<u><u>3,834,000</u></u>
	2012	2013	2014
 <i>Proposed annual caps²</i>			
<i>(HK\$'000)</i>	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>

Notes:

1. This refers to the actual amount for the nine months ended 30 September 2011. The projected transaction amount in 2011 is approximately HK\$2,322,586,000. As at the Latest Practicable Date, the respective actual transaction amount under the 2008 Material Supply and Service Agreement and the 2008 Copper Foil Supply Agreement had not exceeded the corresponding annual caps.

2. For the supply for laminates and related upstream component materials (including copper foil) and provision of drilling services under the New Material Supply and Service Agreement.

LETTER FROM THE BOARD

While the historical annual caps for the three financial years ended 31 December 2009, 2010 and 2011 were not fully utilised during the same period as a result of the slow down in demand by the Retained Group for laminate products and related upstream component materials and drilling services, given the PRC market is still generally regarded as promising as compared to many other countries notwithstanding the global economy remains volatile, the Company anticipates that the economic growth in the PRC will stimulate the demand (particularly the domestic demand) for laminate products and related upstream component materials and drilling services by the Retained Group in the three financial years ending 31 December 2012, 2013 and 2014. The proposed annual cap of HK\$3,000,000,000 represents an increment of approximately 28% as compared to the average historical (and projected) transaction amount for the three financial years ending 31 December 2011 of approximately HK\$2,338,323,000.

Having considered the historical transaction amount and the estimated demand for laminate products and related upstream component materials and drilling services by the Retained Group for the three financial years ending 31 December 2012, 2013 and 2014, and taking into account that a new production plant for high-end laminate products is currently under construction in Jiangmen and expected to commence production in or around mid-2012 which will enable the Group to supply additional laminates to satisfy the Retained Group's different needs for high-end laminate products, the Directors (including the independent non-executive Directors) are of the view that the above proposed annual caps in respect of the sale of laminate products and related upstream component materials and provision of drilling services by the Group to the Retained Group under the New Material Supply and Service Agreement are fair and reasonable.

LISTING RULES IMPLICATIONS

The Continuing Connected Transactions, taking into account the Proposed Annual Caps, constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules. Accordingly, the Continuing Connected Transactions (and the Proposed Annual Caps) are subject to the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 and the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

Any connected person with a material interest in the Continuing Connected Transactions, and any Shareholder who has a material interest in the Continuing Connected Transaction and its associates will be required to abstain from voting at the EGM.

Kingboard and its associates will be required to abstain from voting at the EGM. Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping and Lam Ka Po, being Directors, are also directors of Kingboard. Among these four Directors, Mr. Cheung Kwok Wa, being a Shareholder, will abstain from voting at the EGM. Moreover, all these four Directors did not participate in voting for the Continuing Connected Transactions and the Proposed Annual Caps in the board meeting of the Company.

LETTER FROM THE BOARD

GENERAL

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

The principal business of Kingboard is investment holding. The Retained Group is engaged principally in the production and sale of printed circuit boards and chemicals and property development.

EGM

A notice convening the EGM is set out on pages 44 to 45 of this circular. Ordinary resolution in respect of the Continuing Connected Transactions and the Proposed Annual Caps will be proposed at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later 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 desire.

RECOMMENDATION

As disclosed in the Company's announcement dated 7 November 2011, the Directors (other than the independent non-executive Directors) consider that the terms of the Continuing Connected Transactions have been conducted on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Proposed Annual Caps are fair and reasonable.

The Independent Board Committee (which is composed of all the independent non-executive Directors), having considered the information contained in this letter and taking into account the advice of the Independent Financial Adviser, has come to the view that the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Proposed Annual Caps are fair and reasonable. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the ordinary resolution to approve the Continuing Connected Transactions and the Proposed Annual Caps at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 16 to 17 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders set out on pages 18 to 35 of this circular and the general information set out in the appendix on pages 36 to 43 of this circular.

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



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)

30 November 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 November 2011 (the “**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 New Material Purchase Agreement, the New Material Supply and Service Agreement, and the Proposed Annual Caps are fair and reasonable so far as the interests of the Company and 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 5 to 15 of the Circular, which sets out information in connection with the Continuing Connected Transactions and the Proposed 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 and the Proposed Annual Caps as set out on pages 18 to 35 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, the Independent Board Committee, consider that the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Proposed Annual Caps are fair and reasonable.

Accordingly, we recommend that the Independent Shareholders should vote in favour of the ordinary resolution to approve the Continuing Connected Transactions and the Proposed Annual Caps at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee

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

Leung Tai Chiu, *Independent non-executive Director*

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

Ip Shu Kwan, Stephen, *Independent non-executive Director*

LETTER OF ADVICE FROM KARL THOMSON

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the renewal of annual caps for the Non-exempt Continuing Connected Transactions for inclusion in this circular.



Karl Thomson Financial Advisory Limited
27/F, Fortis Tower,
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30 November 2011

*To the Independent Board Committee and the Independent Shareholders of
Kingboard Laminates Holdings Limited*

Dear Sir or Madam,

RENEWAL OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the continuing connected transactions contemplated under the New Material Purchase Agreement, and the New Material Supply and Service Agreement (the “**Continuing Connected Transactions**”) and the proposed annual caps for each of the Continuing Connected Transactions for the financial years ending 31 December 2012, 2013 and 2014 (the “**Proposed Annual Caps**”), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular of the Company dated 30 November 2011 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

Kingboard, being the ultimate holding company of the Company, owns, directly or indirectly, 66.42% of the issued shared capital of the Company as at the Latest Practicable Date. Accordingly, Kingboard is a connected person of the Company and members of the Retained Group are also connected persons of the Company as defined under the Listing Rules. Any transactions between Kingboard or the Retained Group and the Company, as a result, will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Proposed Annual Caps for each of the Continuing Connected Transactions on an annual basis exceeds 5% and the annual consideration is more than HK\$10,000,000, the Continuing Connected Transactions also constitute non-exempt continuing connected transactions of the Company under Rules

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14A.35 of the Listing Rules, and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listings Rules.

An independent board committee has been established to advise Independent Shareholders as to whether the terms of the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable, and are in the interest of the Company and the Independent Shareholders as a whole. Karl Thomson has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in this regard.

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 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 accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements and representations made or referred to in the Circular are true at the time they are made and continue to be true up to 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 of the Company in the Circular are reasonable made after due enquiry. We consider that we have been provided with sufficient information to form a reasonable basis for issuing 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 management of the Company 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 of the information supplied.

INFORMATION OF THE GROUP AND KINGBOARD

The Group is principally engaged in the production and sale of laminates and related upstream component materials. Laminates are used in the production of PCBs which in turn are used in the production of a wide variety of electronic products. Kingboard, being the ultimate holding company of the Company, is principally engaged in the business of production and sale of PCBs and chemicals and property development. As the Retained Group and the Group used to be the same company before the restructuring of Kingboard, the Retained Group has been providing and will continue to provide chemicals including methanol, formalin, phenol, acetone, phenol resin and caustic soda to the Group. Such chemicals are essential for the production of laminates and related upstream components by the Group. In return, the Group has been providing and will continue to provide the laminates products and related upstream component materials (including copper foil) and provision of drilling services to the Retained Group.

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Against this background, the Company and Kingboard entered into the 2008 Material Purchase Agreement on 13 December 2008, pursuant to which the Group agreed to purchase Chemicals and drill bits from the Retained Group. On the same day, the Company and Kingboard also entered into the 2008 Material Supply and Service Agreement, pursuant to which the Retained Group agreed to purchase laminate products and related upstream component materials (other than copper foil) from the Group and to engage the Group for the provision of drilling services.

Kingboard Copper Foil, a non wholly-owned subsidiary of the Company whose shares are listed on SGX-ST, and Kingboard have also entered into the 2008 Copper Foil Supply Agreement on 13 December 2008, pursuant to which Kingboard Group (excluding Kingboard Copper Foil Group) agreed to purchase copper foil from Kingboard Copper Foil Group. The supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (other than Kingboard Copper Foil Group itself) constitutes interested person transactions of Kingboard Copper Foil under the SGX-ST Listing Manual. On 3 January 2011, Kingboard Copper Foil entered into an agreement with Kingboard to supplement the 2008 Copper Foil Supply Agreement for the supply of copper foil by Kingboard Copper Foil Group to Kingboard Group (other than Kingboard Copper Foil Group itself) for the financial years ending 31 December 2013 subject to compliance with, among other things, the requirements of the SGX-ST Listing Manual. At the annual general meeting of Kingboard Copper Foil on 29 April 2011, the shareholders of Kingboard Copper Foil disapproved the aforesaid interested person transactions between Kingboard Copper Foil Group to Kingboard Group (excluding Kingboard Copper Foil Group). Accordingly, Kingboard Copper Foil Group currently does not supply copper foil to Kingboard Group (other than Kingboard Copper Foil Group itself) under any agreement between Kingboard Copper Foil and Kingboard but may resume so in the future subject to compliance with the requirements of the SGX-ST Listing Manual. The Group currently purchases copper foil from third party suppliers for internal use and may supply copper foil including copper foil supplied by the Independent Third Parties suppliers at the prevailing market prices suppliers and subject to compliance with the requirements of SGX-ST Listing Manual, copper foil produced and directly supplied by Kingboard Copper Foil Group to the Retained Group pursuant to New Material Supply and Service Agreement in the future. The supply of such copper foil to the Retained Group directly from Kingboard Copper Foil Group to the Retained Group will be also covered by the New Material Supply and Service Agreement.

The 2008 Material Purchase Agreement and the 2008 Material Supply and Service Agreement will expire on 31 December 2011 and shall subject to renewal and therefore the company has proposed to entering into the New Material Purchase Agreement and the New Material Supply and Service Agreement (the “**New Agreements**”) for term of three years up to 31 December 2014.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

To formulate our opinion regarding the Continuing Connected Transactions and the corresponding Proposed Annual Caps, we have taken into account the following principal factors and reasons:

A. The New Material Purchase Agreement

(i) *Reasons and benefits of entering into the New Material Purchase Agreement*

The Group has been purchasing Chemicals from the Retained Group since the listing of the Shares on the Stock Exchange in 2006 and the Retained Group is currently one of the top five suppliers to the Group. For the year ending 31 December 2010, around 6.6% of the Company's required Chemicals were purchased from the Retained Group. Moreover, we note from the annual report of the Retained Group for the year ending 31 December 2010, manufacture and sale of the Chemicals has been one of the five main operating divisions which has attributed approximately 40% of the total revenue of the Retained Group.

We understand that it is important to select a reliable supplier who is able to provide stable source of supply to ensure smooth operation of the Group. As advised by the Company, based on its past experience in relation to the purchase from the Retained Group, the Retained Group has been supplying the Company with good and stable quality of products. Moreover, the products have been delivered in timely manner. Accordingly, the Directors believed that the Retained Group has been and will be a stable and reliable supplier to the Group in the coming three years. Given the principal businesses of the Group and the Retained Group and the nature of the transactions contemplated under the New Material Purchase Agreement, we consider that the entering into of the New Material Purchase Agreement and the transactions contemplated fall within the ordinary and usual course of business of the Group.

(ii) *Terms of the New Material Purchase Agreement*

Key terms of the New Material Purchase Agreement are summarized as below:

Date:	7 November 2011
Parties:	(1) Kingboard
	(2) the Company
Product to be purchased:	purchase of Chemicals from the Retained Group

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Pricing:	in accordance with the then-prevailing market prices, but in no event will the terms be less favorable to the Group than those offered to Independent Third Parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances
Term:	from 1 January 2012 to 31 December 2014, both days inclusive

According to the terms of the New Material Purchase Agreement, no price or quantity of Chemicals is pre-determined. Therefore, there is no limitation on the maximum or minimum quantity of products to be purchased by the Group and it is to be determined and agreed between the parties from time to time while the price of each transaction will be determined *“in accordance to the then-prevailing market prices”* and *“in no event will the terms be more favorable to the Retained Group than those offered by the Group to independent third parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances”*.

The Company has implemented a set of control procedures in order to ensure the transactions with the Retained Group will not be more favorable. As revealed by the Company, the Group does not exclusively rely on the Retained Group for the supply of Chemicals. The Company is free to select other Chemicals suppliers to allow a greater room for price negotiation. For the transactions with the Retained Group, quotation from the Retained Group will be in comparison with at least two Independent Third Parties suppliers by the sourcing department. As such, the Company is able to make purchase order of Chemicals under the prevailing market condition. For the purpose of formulating our advice, we have review 10 sets of purchase orders of the Group in relation to the purchase of Chemicals during the year of 2011 and quotations from other independent third party suppliers of the Company were compared with. From the purchase orders and quotations, we notice that the price of the same product supplied by the Retained Group and the Independent third party suppliers are very similar and the aforesaid flow of purchase has been duly applied by the Company.

Regarding the payment term, we are advised by the Company that the credit period of 60 days will be offered to the Group for purchasing the Chemicals. Having reviewed the quotations from the Independent Third Parties suppliers, we realized that the credit period offered by the Retained Group to the Company is the same as the credit term being offered by other Independent Third Parties suppliers.

In light of the above, we are of the view that terms and condition of the New Material Purchase Agreement are on normal commercial terms and the entering into the New Material Purchase Agreement is in the ordinary and usual course of business and in the interests of the Company and Shareholders as a whole.

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(iii) *Historical amounts and the proposed annual caps*

The table below sets out the historical purchases, the historical annual caps and the proposed annual caps in relation to the New Material Purchase Agreement:

	For the year ended 31 December		For the year ending 31 December	
	2009	2010	2011	2011
Historical purchases (HK\$'000)	370,343	504,457	547,720 (Note 1)	730,293 (Note 2)
Annual growth rate (%)	–	36.21	–	44.77
Historical caps (HK\$'000)	392,000	548,800	N/A	768,320
% of utilization	94.48	91.92	N/A	95.05
			For the year ending 31 December	
			2012	2013
Proposed annual caps (HK\$'000)			999,000	1,298,000
Annual growth rate (%)			30.00	30.00
				2014
				1,688,000
				30.00

Notes:

1. Actual amount for the nine months ended 30 September 2011.
2. This is the estimated figures by straight-line multiplication from the historical purchase of nine months ended 30 September 2011.

In determining the proposed annual cap for the New Material Purchase Agreement for each of the three years ending 31 December 2014, the management of the Company has taken into account:

- i. the historical transaction amount of purchase from the Retained Group;
- ii. the expected growth in the production capacity of the Group;
- iii. the estimated increase in price for sale of Chemicals by the Retained Group;
- iv. the projected global economy growth for the three financial years ending 31 December 2014; and
- v. the assumption that there will be an annual increase of approximately 30% for the three financial years ending 31 December 2014 respectively.

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To assess the fairness of the size of the proposed annual caps, we have examined the historical annual consumption of Chemicals by the Group for the last five years ending 31 December 2010. (the “**Review Period**”). During the Review Period, the total amount of Chemicals purchase grew by more than 30% per annum. Even during the outbreak of financial crisis in 2009, the total purchase volume could still achieve a growth of 34% for the year.

For the purpose in estimating the purchasing amount for the year ending 31 December 2011, we have calculated the estimated figure by assuming straight-line multiplication from the historical purchase in the first nine months ended 30 September 2011 which is HK\$730,293,000. Based on this figure, we further calculate the compound annual growth rate (“**CAGR**”) for the five years ending 31 December 2011, which is approximately 47.81%. However, the Company believes that it is more appropriate to take 30% instead of a larger percentage based on previous increments in arriving at the annual caps for the financial years ending 31 December 2012, 2013 and 2014. As mentioned in the Letter from the Board, the estimated annual increase of approximately 30% in 2012, 2013 and 2014 (as compared to the annual cap for the corresponding previous year) was arrived at after taking into account the difference between the projected transaction amount for the financial year ending 31 December 2011 (being approximately HK\$730,293,000) and the actual transaction amount for the financial year ended 31 December 2010 (being approximately HK\$504,457,000). Such difference being approximately HK\$225,836,000 is equivalent to approximately 30% over the 2011 annual cap.

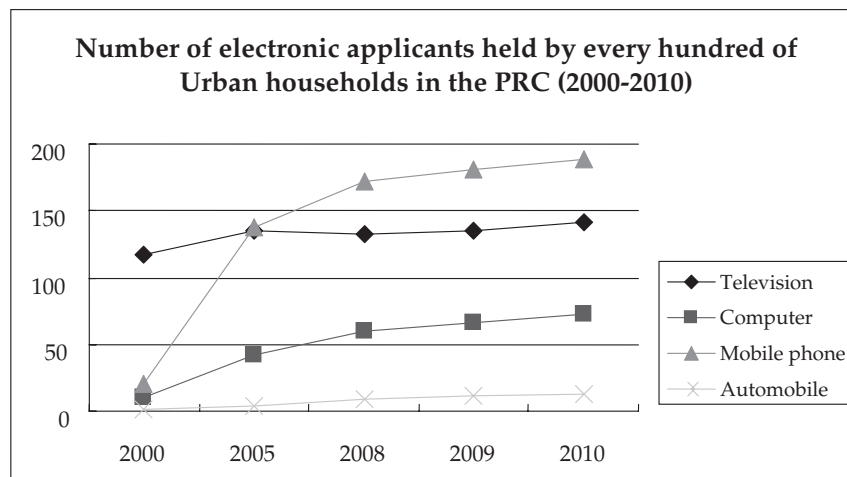
We notice that the Company has taken into account of the estimated increase in price for the sale of Chemicals by the Retained Group in determining the proposed annual cap. Chemicals are chemicals extracted from refinery of the crude oil. Since the price of the crude oil has been the major factor for determination of the price of Chemicals, we have conducted an analysis on the historical price of the crude oil and the factors including the outlook of global economy and the demand on crude oil which may affect the price of crude oil in the coming future. According to the historical prices quoted on New York Mercantile Exchange during the period from 1 January 2011 to 31 October 2011, the crude oil price has been ranging from around US\$80/barrel to around US\$110/barrel. In the end of April 2011, the price climbed to its record high of USD 113.9/barrel and started to decline thereafter to USD 79.2/barrel as recorded at the end of September 2011. In view of the uncertainties in the world economic outlook for the coming year, especially in Europe and the United States, it is expected that the commodity price will remain volatile and fluctuate.

Looking ahead, the demand growth of oil in next year is expected to mainly come from the new emerging markets, including China, India and Latin America. In particular, Chinese oil demand is expected to grow the most world-wide as a result of the strong GDP growth. In the expectation of the strong demand of crude oil from the new emerging markets, the market expects there will be a room for increment for the crude oil price in the coming

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year which may in turn drive up the price of Chemicals and therefore we are in the view that the estimated increase in price of the Chemicals as suggested by the Company to be one of the factors in determining the proposed annual cap is reasonable.

As mentioned in the Letter from the Board, the management of the Company has also taken into account of the possible increase in demand for the laminates as stimulated by the economic growth in the PRC. In accessing the fairness and reasonableness of the above factor, we have conducted a research on the domestic consumption of electronic products in the PRC. Due to the increase in the consumable income of the households and a series of expansionary economic policies carried out by the PRC government, the domestic consumption on the electronic products has been increasing with an annual growth rate of 13.51% since 2005. According to the National Bureau of Statistics of China, the consumption on the electronic applicants including television, computer and mobile phone have been greatly increased within these five years. The graph below has illustrated the average number of major electronic applicants held by every hundred of household during the period from 2000 to 2010:



Source: National Bureau of Statistics of China

Given the robust economic growth, increasing consumable income of the households and the continuous increase in demand of the high-end electronic products such as smartphones in the PRC, it is expected that the demand of laminate in the PRC market will continue to increase.

As advised by the management of the Company, the laminate plant in Jiangmen, Guangdong province is expanding in which the production capacity of thin and high performance laminates will be highly enhanced. Since production of such thin and high performance laminates will require much more Chemicals as compared with the production of other laminates, the demand on Chemicals for the Group will be increased accordingly.

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Having considered that (i) the CAGR for the historical purchase of approximately 47.81% for the five years ending 31 December 2011; (ii) the estimated increase in price for the sale of Chemicals by the Retained Group and the price volatility and fluctuation of crude oil (iii) the expected increase in demand of laminates as stimulated by the strong economic growth in the PRC and (iv) the expected increase in the production capacity of the laminate plant in Jiangmen, we concur with the Directors that using an annual growth rate of 30% for each year is actually a prudent estimation for the size of the proposed annual caps. We also consider that the size of the proposed annual caps and the assumptions in which the Company has taken into account in determining the size of the proposed annual caps of the New Material Purchase Agreement are fair and reasonable.

B. The New Material Supply and Service Agreement

(i) *Reasons and benefits of entering into the New Material Supply and Service Agreement*

As mentioned above, the Group has been supplying the laminates products and related upstream component materials (including copper foil) and provision of drilling services to the Retained Group since 2006. During the five years ended from 31 December 2006 to 2010, the aggregate sales from the Group to the Retained Group grew from approximately HK\$1,714,976 to HK\$2,591,093, accounting for a CAGR of approximately 10.86%. After reviewing the breakdown of sales by major customers of the Company, we found out that the Retained Group has been one of the top five customers in term of revenue for many years. During the five years time, the amount of sale to the Retained Group has attributed around 20% of the total revenue of the Group. As such, the Retained Group is undoubtedly an important customer to the Group. The table below sets out an analysis on the sales to the Retained Group from the Group since the financial year ended 31 December 2006 and up to the nine months ended 30 September 2011.

	For the year ended 31 December					For the nine months ended 30	For the year ending 31
	2006	2007	2008	2009	2010	September	December
Historical sales between the Group and the Retained Group (HK\$'000)	1,714,976	2,082,383	2,302,441	2,101,289	2,591,093	1,741,939	2,322,585 (Note)
Annual growth rate (%)	-	21.42	10.57	-8.74	23.31	-	-
Revenue of the Group (HK\$ million)	8,472	10,427	10,128	9,071	13,055	N/A	N/A
% of revenue of the Group	20.24	19.97	22.73	23.16	19.85	-	-

Note: the figure is arrived at by annualizing the actual data for the nine months ended 30 September 2011.

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As mentioned in the Letter from the Board, the Board believes that the Group does not rely exclusively on the Retained Group for the sale of laminates and related upstream component materials and provision of drilling services. However, the Group has established a close working relationship with the Retained Group and the continuation of the transactions under the New Material Supply and Service Agreement will enhance the revenue of the Group through increased sales. Given that the Company has maintained long term relationship with the Retained Group, we consider that it is beneficial for the Company to enter into the New Material Supply and Service Agreement.

The New Material Supply and Service Agreement is a comprehensive agreement covering the supply of laminates and related upstream component materials (including copper foil from the Independent Third Parties and, subject to compliance with the requirements of the SGX-Listing Manual, copper foil supplied from Kingboard Copper Foil Group) and provision of drilling services.

Kingboard Copper Foil Group has been focusing on the production of the copper foil in which the copper foil is sold to Kingboard Group (excluding Kingboard Copper Foil Group itself) as raw material used in the production of laminates. As abovementioned, the shareholders of Kingboard Copper Foil disapproved the aforesaid interested person transactions between Kingboard Copper Foil Group to Kingboard Group (excluding Kingboard Copper Foil Group) at the annual general meeting of Kingboard Copper Foil on 29 April 2011. Accordingly, Kingboard Copper Foil Group currently does not supply copper foil to Kingboard Group (other than Kingboard Copper Foil Group itself) under any agreement between Kingboard Copper Foil and Kingboard.

According to the management of the Company, the Group (other than Kingboard Copper Foil Group itself) did not supply copper foil to the Retained Group purchased from Kingboard Copper Foil Group or from the Independent Third Parties suppliers historically. However, the Group (excluding Kingboard Copper Foil Group) currently purchases copper foil from Independent Third Party suppliers for internal use. The Group may sell copper foil including copper foil supplied by the Independent Third Parties suppliers and subject to compliance with the requirements of SGX-ST Listing Manual, copper foil produced and directly supplied by Kingboard Copper Foil Group to the Retained Group pursuant to New Material Supply and Service Agreement in the future. As advised by the management of the Company, the reason for supplying copper foil purchased from the Independent Third Parties suppliers is that the Group can benefit from the economy of scale to satisfy the Group's demand for copper foil and selling any additional copper foil to the Retained Group at the prevailing market price. Furthermore, the supply of copper foil by the Group purchased from the Independent Third Parties suppliers and the direct supply of copper foil produced by Kingboard Copper Foil Group to the Retained Group under the New Material Supply and Service Agreement are carried out in the ordinary and usual course of business of the Group.

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Based on the foregoing background of the business relationship between Kingboard Copper Foil Group and the Kingboard Group (excluding Kingboard Copper Foil Group itself), the entering into the New Material Supply and Service Agreement between the Group and the Retained Group by including the supply of the copper foil is for the purpose of bring benefits to each member in the Kingboard Group by providing stable source of copper foil for further upstream production to ensure smooth operation of member of the Group and Kingboard Group. Given that the supply of copper foil to the Retained Group under the New Material Supply and Service Agreement are carried out in the ordinary and usual course of business of the Group, we concur with the Directors that the entering into the New Material Supply and Service Agreement by including the supply of the copper foil is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(ii) Terms of the New Material Supply and Service Agreement

Key terms of the New Material Supply and Service Agreement are summarized as below:

Date:	7 November 2011
Parties:	(1) Kingboard (2) the Company
Product and services to be supplied:	supply of laminate products and related upstream component materials (including copper foil from Independent Third Parties and, subject to and be conditional upon Kingboard Copper Foil being in compliance with the requirements of SGX-ST Listing Manual, from Kingboard Copper Foil Group) and provision of drilling services by the Group to the Retained Group
Pricing:	in accordance with the then-prevailing market prices, but in no event will the terms be more favorable to the Retained Group than those offered by the Group to Independent Third Parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances
Term:	From 1 January 2012 to 31 December 2014, both days inclusive

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The New Material Supply and Service Agreement is a comprehensive agreement covering the supply of laminates and related upstream component materials (including copper foil supplied from the Independent Third Parties and, subject to and be conditional upon Kingboard Copper Foil being compliance with the requirements of SGX-ST Listing Manual, from Kingboard Copper Foil Group) and provision of drilling services. As advised by the management of the Company, the continuing connected transactions will be conducted in the ordinary and usual course of business of the Company and the term and condition will continue to be agreed on an arm's length basis that are fair and reasonable.

Similar to the terms of the New Material Purchase Agreement, we notice that neither the price nor quantity of products and services to be sold to Kingboard is pre-determined. Rather the price will be according to the then-prevailing market prices, whereas the quantity is to be determined and agreed between the parties from time to time. Again, the price of each transaction will be determined "*in no event will the terms be more favorable to the Retained Group than those offered by the Group to independent third parties having regard to the quantity, quality and special specifications of the products and services ordered and other special circumstances*". Under the same principle, we believe that the interest of the Company will be protected and selling price will be fair to both parties under the New Material Supply and Service Agreement as terms and conditions of each transaction will be determined by market force, which is an interaction of supply and demand of the product to be purchased at an open market economy.

Similarly, the Company has implemented a set of control procedures in order to ensure the transactions with the Retained Group will not be more favorable. As advised by the management of the Company, the flow of sale merely follows the steps of order enquiry, price negotiation, order confirmation, product delivery and payment. The sale procedures to the Retained Group are identical to the Independent Third Parties customers. In particular, the payment terms are determined from time to time based on each transaction.

For the transactions between the Group and the Retained Group in respect of the supply of laminates products and related upstream component materials (including copper foil) and provision of drilling services by the Group to the Retained Group, 6 sets of invoice in relation to the supply of copper foil by Kingboard Copper Foil Group to the Retained Group in the first four months of the year of 2011; 10 sets of invoices in relation to the supply of laminates and another 10 sets of invoices for the supply of upstream component materials and provision of drilling services to the Retained Group during the year of 2011 were reviewed and purchase orders from other independent third party customers of the Company were compared with. From the documents provided, we notice that the price of the same products purchased by the Retained Group and the Independent Third Parties customers during the same period is very similar. Furthermore, the Retained Group is normally granted a credit period ranging from 60 to 90 days upon delivery of good. Comparing with the other Independent Third Parties customers who have made order in comparable size to the Retained Group, the payment terms offered to two parties are also similar.

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Since the Group (other than Kingboard Copper Foil Group itself) did not supply copper foil to the Retained Group purchased from Kingboard Copper Foil Group or from the Independent Third Parties suppliers historically, there are no previous record of the supply of copper foil by the Group (other than Kingboard Copper Foil Group itself) to the Retained Group which is available for our investigation. Alternatively, we have reviewed the board minutes of the audit committee of the Group for the six months ended 30 June 2011 and the year ended 31 December 2010 respectively. As advised by the management of the Company, the Audit Committee comprising all the independent non-executive Directors of the Company has been and will continue to monitor the continuing connected transactions of the Company regularly. In particular, summaries of the continuing connected transactions and the quotation of purchase orders would be reviewed by the Audit Committee at least semi-annually to ensure the terms and conditions of the continuing connected transactions between the connected persons are on normal commercial terms. During our review on the board minutes, the Audit Committee opined that the continuing connected transactions during the aforesaid period between the connected persons are carried out in the ordinary and usual course of business of the Group and their terms and conditions are on normal commercial terms. In light of the above, we are of the view that the Company has adopted a fair and effective mechanism to ensure that the material will be supplied in accordance with the prevailing market price which is not more favorable to the Retained Group than those offered by the Group to the Independent Third Parties.

Based on our reviews, we consider that the pricing terms and the payment terms granted to the Retained Group under the New Material Supply and Service Agreement are on normal commercial terms and the entering into the New Material Supply and Service Agreement is in the ordinary and usual course of business and in the interests of the Company and Shareholders as a whole.

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(iii) *Historical amounts and the Proposed Annual Caps*

The table below sets out the historical sales, the historical annual caps and the proposed annual caps in relation to the New Material Supply and Service Agreement:

	For the year ended		For the year ending 31 December	
	31 December 2009	2010	2011	2011
Historical sales				
<i>(HK\$'000)</i>				
• 2008 Material Supply and Service Agreement	1,728,435	2,008,775	1,327,421	
• 2008 Copper Foil Supply Agreement	372,854	582,318	414,518	
Total:	<u>2,101,289</u>	<u>2,591,093</u>	<u>1,741,939</u>	<u>2,322,585</u>
			<i>(Note 1)</i>	<i>(Note 2)</i>
Historical caps				
<i>(HK\$'000)</i>				
• 2008 Material Supply and Service Agreement	3,050,000	3,050,000	3,050,000	
• 2008 Copper Foil Supply Agreement	784,000	784,000	784,000	
Total:	<u>3,834,000</u>	<u>3,834,000</u>	<u>3,834,000</u>	
% of utilization	54.81	67.58	60.58	

	For the year ending 31 December		
	2012	2013	2014
Proposed annual caps			
<i>(HK\$'000)</i>	3,000,000	3,000,000	3,000,000
Annual growth rate (%)	0.0	0.0	0.0

Notes:

1. This is the actual amount for the nine months ended 30 September 2011.
2. This is the estimated figure by straight-line multiplication from the historical purchase of nine months ended 30 September 2011.

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In determining the proposed annual cap for the New Material Supply and Service Agreement for each of the three years ending 31 December 2014, the management of the Company has taken into account:

- i. the historical transaction amounts of sale (including copper foil) to the Retained Group;
- ii. the estimated demand for the laminate products and related upstream component materials (including copper oil) and drilling service by the group for the three financial years ending 31 December 2014; and
- iii. the expected increase in the production capacity of the high-end laminate plant in mid-2012 which will enable the Group to supply additional laminates to satisfy the Retained Group's high-end laminate products.

Base on the figures set out in the table above, the historical transaction amount of products and services provided by the Group to the Retained Group were approximately HK\$2,101 million, HK\$2,591 million and HK\$1,742 million for the two years ended 31 December 2011 and nine months ending 30 September 2011 respectively, representing an utilization rate on the historical annual caps of approximately 54.81%, 67.58% and 45.43% respectively. We notice that the historical annual caps for the two years ended 31 December 2010 were not fully utilized. Given a relatively low utilization rate of approximately 45.43% for the nine months ending 30 September 2011, the situation will most probably repeat again in the current financial year. As disclosed in the Letter from the Board, the reason for the low utilization rate is mainly due to the slow down in demand by the Retained Group for the laminate products and related upstream component materials and drilling services.

In term of the proposed annual caps for the laminate products and related upstream component materials (including copper foil) and drilling services to be provided by the Group to the Retained Group for each of the three years ending 31 December 2014, the proposed cap for the year of 2012 will be decreased by approximately 21.75% as compared with that for the year of 2011 while the annual caps in respect of the two years ending 31 December 2013 and 2014 are proposed to be stable at HK\$3,000 million, which are the same level as that of the proposed annual caps for the year of 2012.

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In accessing the fairness and reasonableness of the size of the proposed annual caps, we have conducted analysis on (i) the historical trend of sale amounts to the Retained Group; and (ii) the price volatility of copper metal.

(i) *Historical trend of sale amounts*

	For the year ended 31 December				For the nine months ended 30 September	
	2006	2007	2008	2009	2010	2011
Historical sales between the Group and the Retained Group (HK\$'000)	1,714,976	2,082,383	2,302,441	2,101,289	2,591,093	1,741,939
Utilization Rate (%)	87.50	76.00	60.05	54.81	67.58	45.43
Annual growth rate (%)	-	21.42	10.57	-8.74	23.31	-

The table above lays out the historical sales between the Group and the Retained Group since 2006. During the five years time, the historical caps were not fully utilized and there is also a decreasing trend in utilization rate since 2006. Besides, the annual growth rate of sale is ranging from -8.74% to 23.31%, which has been rather volatile. According to the interim report of Kingboard for the six months ending 30 June 2011, the demand of the laminate and related upstream component materials have been dampened due to the negative impacts imposed on the electronic supply chain by the Japan earthquake in the second quarter of the current year. It is expected that the annual cap for the current financial year will probably not fully utilized. However, we found that the export volume of electronics from Japan in the third quarter of 2011 have started to rebound. According to the statistics conducted by the Customs and Tariff Bureau of Japan, the overall export volume of electronic in third quarter has increase by 8.5%, to an average monthly volume of 810,002 million yen from 746,515 million yen as compared with the figures in second quarter. It is expected that the Japanese manufacturing industry has been recovering from the downturn, the export volume of the semi-conductor components will soon be resumed to the original level.

(ii) *Historical Price of copper metal*

Since the products to be supplied by the Group to the Retained Group also include copper foil under the New Material Supply and Service Agreement, the selling price of the copper foil is positively correlated to the market price of copper metal which in turn affecting the transaction amount of sale. As such, we also conducted an analysis on the historical copper price. According to copper spot price as quote on Bloomberg from 1 January 2011 up to 30 September 2011, the price of the copper metal been fluctuated between a band of around USD9,000/ton to more than USD10,000/ton during the first

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eight months in 2011. Thereafter, the copper metal price slumped significantly from approximately USD9,200/ton to lower than USD7,000/ton in September 2011, representing a decrease of 22% as compared with the price at the end of August 2011. In view of the uncertain global economy, especially in Europe and the United States, it is expected that the commodity price will remain volatile and fluctuate.

Taking into account of the persistent over-estimation in sales as shown in the historical record, it is reasonable for the Directors have set a lower caps for the coming three financial years. As it was stated in the above section, however, it is expected that there will be an increasing demand for laminates used for the production of high-end electronic product such as smartphones driven by the economic growth in the PRC. As such, the management of the Company proposed an annual cap of HK\$3,000,000,000 which represents an increment of approximately 28% as compared to the average historical and projected transaction amounts for the three financial years ending 31 December 2011 of approximately HK\$2,338,323,000.

Given the historical fluctuation in sales, the expected price volatility of copper metal, the expected increase in demand of the laminates in the PRC market; and the possible business growth in the future, we are of the view that it is difficult and challenging for the Company to make an accurate estimation on the future sale. To balance with both sides, the Directors propose flat annual caps for the three financial years ending 31 December 2014.

Base on the foregoing, we consider that the Company has taken careful considerations in deciding the size of annual caps under the New Material Supply and Service Agreement and the size of which is fair and reasonable so far as the Independent Shareholders are concerned.

OUR RECOMMENDATION

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

- i. the historical relationship between the Company and the Retained Group;
- ii. the background of entering into the New Agreements is for the purpose of the renewal of the 2008 Material Purchase Agreement and the 2008 Material Supply and Service Agreement to ensure smooth operation of the Group in the coming financial years;
- iii. the terms and conditions of the New Agreements are normal commercial terms and no less favorable to the Group than those offered to or by Independent Third Parties;
- iv. the economic growth in the PRC in stimulating the demand for laminates and copper foil by the Retained Group;

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- v. the transactions under the New Material Supply and Service Agreement will enhance the revenue of the Group through increased sales and therefore benefiting the Company and the Shareholders as a whole; and
- vi. the size of the proposed annual caps of each of the New Agreements are determined by the Directors under a prudent approach and are fair and reasonable;

we conclude that the terms of the Continuing Connected Transactions and the size of corresponding Proposed Annual Caps are on normal commercial terms, in the ordinary an usual course of business, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution be proposed at the EGM to approve the continuing connected transactions contemplated by the New Agreements and the corresponding Proposed Annual Caps.

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 document 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 associated corporations

As at the Latest Practicable Date, the following Directors 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 are required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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) the Shares

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Kwok Wa	Beneficial owner	472,500	0.016
Mr. Cheung Ka Ho	Beneficial owner	89,000	0.003
Ms. Chan Sau Chi	Beneficial owner	60,000	0.002
Mr. Mok Yiu Keung, Peter ¹	Beneficial owner	200,000	0.007

Note:

1. The 200,000 Shares were held by his spouse.

(ii) Share options of the Company (“Share Options”)

Name of Director	Capacity	Interest in underlying Shares pursuant to Share Options
Mr. Cheung Kwok Wa	Beneficial owner	12,500,000
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
Ms. Chan Sau Chi	Beneficial owner	10,000,000

(iii) 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 ¹
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.

- (iv) Ordinary shares of HK\$0.10 each of Kingboard (“Kingboard Shares”)

Name of Director	Capacity	Number of issued Kingboard Shares held	Approximate percentage of the issued share capital of Kingboard (%)
Mr. Cheung Kwok Wa	Beneficial owner	2,617,000	0.306
Mr. Cheung Kwok Keung	Beneficial owner	1,767,352	0.207
Mr. Cheung Kwok Ping ¹	Beneficial owner	2,918,653	0.341
Mr. Lam Ka Po	Beneficial owner	2,431,634	0.285
Mr. Cheung Ka Ho	Beneficial owner	290,000	0.034
Ms. Chan Sau Chi ²	Beneficial owner	2,940,000	0.344
Mr. Liu Min ³	Beneficial owner	11,500	0.001

Notes:

- 30,000 Kingboard Shares were held by his spouse.
- 2,830,000 Kingboard Shares were held by her spouse.
- 11,500 Kingboard Shares were held by his spouse.

- (v) Share options of Kingboard

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

Note:

- 2,600,000 share options of Kingboard were held by her spouse.

(vi) Warrants of Kingboard (“Warrants”)

Name of Director	Capacity	Interest in underlying Kingboard Shares pursuant to Warrants (Note 1)
Mr. Cheung Kwok Wa	Beneficial owner	124,700
Mr. Cheung Kwok Keung	Beneficial owner	215,985
Mr. Cheung Kwok Ping	Beneficial owner	246,865
Mr. Lam Ka Po	Beneficial owner	159,973
Mr. Cheung Ka Ho	Beneficial owner	5,000
Ms. Chan Sau Chi (Note 2)	Beneficial owner	182,000
Mr. Liu Min (Note 3)	Beneficial owner	9,000

Notes:

- The interests are by virtue of Warrants which entitle 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).
- 181,000 Warrants were held by her spouse.
- 9,000 Warrants were held by his spouse.

(vii) 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	706,200	0.378
Mr. Cheung Kwok Ping	Beneficial owner	500,000	0.267
Mr. Lam Ka Po	Beneficial owner	486,600	0.260
Ms. Chan Sau Chi ¹	Beneficial owner	1,120,200	0.600

Note:

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

Other than as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company or the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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.

(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

Save as disclosed below, as at the Latest Practicable Date and so far as was known to the Directors and chief executive of the Company, who has an interests or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, 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

The Shares

Name of Shareholders	Notes	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hallgain Management Limited ("Hallgain")	1	Beneficial owner	1,500,000	0.05
	2	Interest of a controlled corporation	1,992,615,000	66.42
Kingboard	3	Beneficial owner	77,823,500	2.60
		Interest of a controlled corporation	1,914,791,500	63.82
Jamplan (BVI) Limited ("Jamplan")	4	Beneficial owner	1,790,000,000	59.66
		Interest of a controlled corporation	124,791,500	4.16
Capital Research and Management Company		Beneficial owner	201,467,351	6.72

Notes:

- 1 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.
- 2 The interests were held by Kingboard directly and indirectly. As at the Latest Practicable Date, Kingboard was owned by Hallgain as to approximately 32.04% of the entire issued share capital of Kingboard and Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping and Lam Ka Po, being Directors, were also directors of Kingboard.
- 3 The interests were held by Jamplan directly and indirectly. Jamplan is a wholly-owned subsidiary of Kingboard. As at the Latest Practicable Date, Mr. Lam Ka Po, being a Director, was a director of Jamplan.
- 4 The interests were indirectly held by Jamplan through its wholly-owned subsidiary, Kingboard Investments Limited, a company incorporated in Hong Kong. As at the Latest Practicable Date, Mr. Cheung Kwok Wa and Mr. 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 any 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 Company 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 the date of the EGM:

- (a) the New Material Purchase Agreement;
- (b) the New Material Supply and Service Agreement;
- (c) 2008 Copper Foil Supply Agreement;
- (d) 2008 Material Purchase Agreement;
- (e) 2008 Material Supply and Service Agreement;
- (f) the supplemental agreement to 2008 Copper Foil Supply Agreement dated 3 January 2011;
- (g) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (h) 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 18 to 35 of this circular;
- (i) the written consent of Karl Thomson referred to in paragraph 6(c) above; and
- (j) the memorandum of association and the Articles of the Company.



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 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 20 December 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** the Continuing Connected Transactions and the Proposed Annual Caps (such terms shall have the meaning as defined in the circular to the shareholders of the Company dated 30 November 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 he/she may in his/her discretion consider necessary or desirable in connection therewith.”

By order of the Board of
Kingboard Laminates Holdings Limited
Tsoi Kin Lung
Company Secretary

Hong Kong, 30 November 2011

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

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 entitled to attend and vote at the meeting convened by the above notice is entitled to appoint any number of proxies to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share(s) 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; and if more than one of such joint holders be 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 in respect of such Share(s) shall alone be entitled to vote in respect thereof.

NOTICE OF EGM

3. In order to be valid, the form of proxy, together with any of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such 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 of hereof, the Board 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 of the Company, Mr. Lo Ka Leong, being the non-executive director of the Company, and Messrs. Chan Yue Kwong, Michael, Leung Tai Chiu, Mok Yiu Keung, Peter, and Ip Shu Kwan, Stephen being the independent non-executive directors of the Company.