

**KINGBOARD LAMINATES HOLDINGS LTD:
IT'S BIG; IT'S SUCCESSFUL;
BUT IT'S STILL A MAMMA-AND-PAPA SHOP**

With a forecast Net Profit Attributable to Shareholders for the Current Financial Year, ending December 31, 2006, of about \$HK1,623.80 million, a 42-percent increase, Year-On-Year, Kingboard Laminates Holdings Ltd () (Code: 1888, Main Board, The Stock Exchange of Hongkong Ltd) has pitched its story in an Initial Public Offering (IPO) which is aimed at bagging the best part of \$HK1 billion.

The Company's Global Offering Prospectus was issued on November 24, 2006, when 750 million, 10-cent Shares were Offered at a price of between \$HK5.97 per Share and \$HK7.73 per Share.

Of those 750 million Shares, 600 million Shares were Offered by Jamplan (BVI) Ltd, a wholly owned subsidiary of Kingboard Chemical Holdings Ltd (), the Controlling Shareholder of Kingboard Laminates, it, too, being listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Number 148.

Therefore, Kingboard Chemical Holdings Ltd stands to bag upward of about \$HK4,110.00 million.

Of the 150 million New Shares, being Offered by Kingboard Laminates, 75 million Shares are being Offered to international investors and 75 million Shares are being Offered to investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

At Page 168 of the Prospectus of Kingboard Laminates, it is stated that, on the basis of the Offer Price of the Shares, being fixed at \$HK6.85, being the midway point between \$HK5.97 and \$HK7.73, the net proceeds from this cash-raising exercise are expected to be about \$HK936.80 million.

This tidy sum of money will be allocated as follows:

1. About \$HK566.20 million to be used for expansion plans;
2. About \$HK281.00 million to be used to retire some bank borrowings; and,
3. About \$HK89.60 million to be used for General Working Capital purposes.

Kingboard Laminates is in the business of manufacturing laminates, as its name implies.

At Pages 58 and 59 of the Global Offering Prospectus, the Company explains its business, thusly:

'We are a leading vertically-integrated electronics materials manufacturer, specializing in the production of laminates, including glass epoxy laminates, paper laminates and CEM laminates. According to JMS (Japan Marketing Survey Company Ltd, a market research company), we were the global leader in laminates in 2005, with a market share of approximately 9.9% in terms of production value. We were also one of the first foreign companies to manufacture and sell laminates in the PRC.'

'Laminates are used in the production of PCBs (Printed Circuit Boards). PCBs in turn are used in the production of a wide variety of electronics products, ranging from relatively simple consumer products such as toys, electronic games and audio visual equipment, to more sophisticated products such as mobile phones, PDAs (Personal Digital Assistants, a palmtop computer, used to store information such as addresses and telephone numbers and*

for simple word processing and spreadsheeting) computers, and networking and telecommunications devices. Other products in which PCBs are used include automotive components and advanced medical equipment. In order to secure a stable source of upstream component materials used in laminate production at a lower cost than would otherwise be available from third-party suppliers, we produce glass yarn, glass fabric, bleached kraft paper, copper foil and epoxy resin. Although small quantities of some of these upstream component materials are available for external sale, we consume internally most of the upstream component materials we produce.

'All of our production facilities are located in the PRC's primary electronics manufacturing centers in Guangdong province and Jiangsu province. We believe that the location of our operations strategically positions us to benefit from the growing market for laminates in the PRC, as the number of electronics assembly plants located in the PRC increases in response to the growing global and PRC demand for electronics products. By the end of 2005, our customer base had grown to more than 1,000 customers ...'.

* PCBs are single or multi-layered boards,
composed of laminates onto which electronic circuitry is etched.
A PCB provides electrical interconnections for microprocessors,
capacitors, resistor networks and other components that are mounted on the board

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