If you are in 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 warrants and/or shares in Kingboard Chemical Holdings Limited, you should at once hand this circular 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

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KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

([illegible])

(stoc code: 148)

[illegible]
Mr. Cheung Kwok Wing ([illegible])
Mr. Chan Wing Kwan ([illegible])
Mr. Cheung Kwong Kwan
Mr. Chang Wing Yiu
Mr. Mok Cham Hung, Chadwick

[illegible]
Mr. Cheng Ming Fun, Paul
Mr. Tse Kam Hung
Mr. Henry Tan

[illegible]
Ground Floor
Caledonian House
P.O. Box 1043
George Town
Grand Cayman
Cayman Islands
British West Indies

[illegible]
5th Floor, Block K
Valiant Industrial Centre
2–12 Au Pui Wan Street
Fo Tan, Shatin
Hong Kong

15 December 2006

[illegible] 2006 [illegible]

Dear Sir or Madam,

EXPIRY OF SUBSCRIPTION RIGHTS ATTACHING TO THE 2006 WARRANTS

Reference is made to the announcements of Kingboard Chemical Holdings Limited ("Company") dated 16 August 2004 and 11 December 2006 respectively and the circular of the Company dated 7 September 2004 ("Circular") in relation to the bonus issue of the 2006 Warrants (as defined below). As set out in the Circular, any subscription rights attaching to the 2006 Warrants which have not been exercised on or before 31 December 2006 will thereafter lapse and the 2006 Warrants will cease to be valid for any purpose. This circular serves as a reminder to the holders of

December 2006 (both days inclusive) ("2006 Warrants"), that according to terms and conditions of the 2006 Warrants, after the close of business on Friday, 29 December 2006, any subscription rights attaching to the 2006 Warrants which have not been exercised will lapse and the 2006 Warrants will cease to be valid for any purpose. New Shares which may fall to be issued on the exercise of the subscription rights attaching to the 2006 Warrants will rank pari passu in all respects with the fully paid Shares then in issue on the relevant date of subscription in accordance with the terms as defined in the deed poll executed by the Company on 30 September 2004 creating the 2006 Warrants ("Instrument").

The following arrangements have been made in respect of dealing in, transfer of and exercise of the subscription rights attaching to the 2006 Warrants:

1. The last trading day of the 2006 Warrants on The Stock Exchange of Hong Kong Limited ("Stock Exchange") will be on Friday, 22 December 2006 and the listing of the 2006 Warrants will be withdrawn from the Stock Exchange from the close of business on Friday, 29 December 2006. Application will be made to the Stock Exchange for the withdrawal of the listing of the 2006 Warrants with effect from the close of business on Friday, 29 December 2006 and cessation of trading in the 2006 Warrants with effect from 12:30 p.m. on Friday, 22 December 2006.

2. Registered holders of the 2006 Warrants who wish to exercise in whole or in part of the subscription rights attaching to their 2006 Warrants must lodge with the branch share and warrant registrars of the Company in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong ("Registrar") the following at or before 4:00 p.m. on Friday, 29 December 2006:

    a) the relevant certificate(s) for the 2006 Warrants;

    b) the duly completed and signed subscription form(s); and

    c) the relevant subscription monies.

3. Any persons who have not registered the 2006 Warrants in their names and who wish