



KINGBOARD CHEMICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0148)

ANNOUNCEMENT RELATED TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY

KBCF, a 62.15% owned subsidiary of Kingboard Chemical Holdings Limited, announced its unaudited consolidated results for the three months period ended September 30, 2006 on the Singapore Exchange Securities Trading Limited on November 13, 2006.

Pursuant to Rule 705 and Rule 920 (1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Kingboard Copper Foil Holdings Limited (“KBCF” or “the Company”), a public company listed on the Singapore Exchange Securities Trading Limited and a 62.15% owned subsidiary of Kingboard Chemical Holdings Limited, announced its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months period ended September 30, 2006 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on November 13, 2006. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

This announcement is made pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is being released for information purpose only. The following is a reproduction of the results announcement of KBCF.

“KINGBOARD COPPER FOIL HOLDINGS LIMITED

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30/9/2006

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3) HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended		% Change
	September 30, 2006 HK\$'000	September 30, 2005 HK\$'000	
Revenue	815,813	370,052	120.46%
Cost of sales	(700,793)	(318,381)	120.11%
Gross profit	115,020	51,671	122.60%
Other operating income	5,508	4,419	24.64%
Distribution costs	(6,777)	(4,730)	43.28%
Administrative expenses	(11,818)	(8,532)	38.51%
Other operating expenses	(2,140)	(1,044)	104.98%
Finance costs – interest expenses paid to non-related companies	(5,644)	(1,679)	236.15%
Profit before tax	94,149	40,105	134.76%
Income tax	(8,002)	(3,056)	161.85%
Profit for the period	86,147	37,049	132.52%

Profit before tax has been arrived at after (crediting)/charging:

	Group 3 months ended		%
	September 30, 2006 HK\$'000	September 30, 2005 HK\$'000 (Restated)	
Other operating income including interest income	(5,508)	(4,419)	24.64%
Interest on bank borrowings	5,644	1,679	236.15%
Depreciation of property, plant and equipment	31,460	25,896	21.49%
Release of prepaid land use rights	464	106	337.74%

1(b)(i) **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at September 30, 2006 HK\$'000	As at December 31, 2005 HK\$'000	As at September 30, 2006 HK\$'000	As at December 31, 2005 HK\$'000
ASSETS				
Current assets:				
Cash and bank balances	139,761	103,247	–	–
Trade receivables	614,402	564,154	–	–
Other receivables and prepayments	117,058	100,737	–	26,238
Prepaid land use rights (current)	1,069	788	–	–
Derivative financial instruments	9,190	–	–	–
Inventories	358,489	259,651	–	–
Total current assets	<u>1,239,969</u>	<u>1,028,577</u>	<u>–</u>	<u>26,238</u>
Non-current Assets:				
Subsidiaries	–	–	394,165	394,165
Due from a subsidiary	–	–	481,567	455,498
Property, plant and equipment	1,061,772	941,211	–	–
Prepaid land use rights (non-current)	49,246	36,257	–	–
Available-for-sale investments	9,000	9,000	9,000	9,000
Total non-current assets	<u>1,120,018</u>	<u>986,468</u>	<u>884,732</u>	<u>858,663</u>
Total assets	<u>2,359,987</u>	<u>2,015,045</u>	<u>884,732</u>	<u>884,901</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	472,675	365,134	–	–
Trade payables	109,086	79,217	–	75
Income tax payable	33,272	22,347	–	–
Total current liabilities	<u>615,033</u>	<u>466,698</u>	<u>–</u>	<u>75</u>
Capital and reserves:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,184,754	988,147	324,532	324,626
Total equity	<u>1,744,954</u>	<u>1,548,347</u>	<u>884,732</u>	<u>884,826</u>
Total liabilities and equity	<u>2,359,987</u>	<u>2,015,045</u>	<u>884,732</u>	<u>884,901</u>

1(b)(ii) **Aggregate amount of group's borrowing and debt securities.**

Amount repayable in one year or less, or on demand

As at September 30, 2006		As at December 31, 2005	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
–	472,675	–	365,134

Amount repayable after one year

As at September 30, 2006

Secured Unsecured
HK\$'000 HK\$'000

As at December 31, 2005

Secured Unsecured
HK\$'000 HK\$'000

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Details of any collateral

Not applicable

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	3 Months Ended	
	September 30, 2006	September 30, 2005
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Cash flows from operations:		
Profit before tax	94,149	40,105
Adjustments for:		
Depreciation expense	31,460	25,896
Release of prepaid land use rights	464	106
Gain on fair value changes of commodity forward contracts	(3,099)	—
Interest expense and finance charges	5,644	1,679
Interest income	(2,543)	(2,279)
Operating cash flow before working capital changes	<u>126,075</u>	<u>65,507</u>
Trade receivables	(57,941)	34,171
Other receivables and prepayments	(16,744)	914
Inventories	41,486	(40,161)
Trade payables	35,583	17,332
Cash generated from operations	<u>128,459</u>	<u>77,763</u>
Income tax paid	(3,260)	(484)
Dividend paid	—	(14,450)
Interest paid	(5,644)	(1,679)
Interest received	2,543	2,279
Net cash generated from operating activities	<u>122,098</u>	<u>63,429</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(106,623)	(41,332)
Net cash used in investing activities	<u>(106,623)</u>	<u>(41,332)</u>
Cash flows from financing activities:		
Decrease in bank borrowings	(36,515)	(79,096)
Net cash used in financing activities	<u>(36,515)</u>	<u>(79,096)</u>
Effects of consolidating foreign subsidiaries	<u>21,189</u>	<u>23,243</u>
Increase/(Decrease) in cash and bank balances	149	(33,756)
Cash and bank balances at June 30	139,612	95,055
Cash and bank balances at September 30	<u>139,761</u>	<u>61,299</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Issued capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Proposed dividend HK\$'000	Currency translation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Group							
Third quarter 2006 ("Q3 2006")							
Balance at June 30, 2006	560,200	296,573	6,275	18,063	38,957	717,353	1,637,421
Net profit for Q3 2006	-	-	-	-	-	86,147	86,147
Exchange translation	-	-	-	-	21,386	-	21,386
Balance at September 30, 2006	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,063</u>	<u>60,343</u>	<u>803,500</u>	<u>1,744,954</u>
Third quarter 2005 ("Q3 2005")							
Balance at June 30, 2005	560,200	296,573	6,275	14,450	2,134	577,693	1,457,325
Net profit for Q3 2005	-	-	-	-	-	37,049	37,049
Interim dividend paid	-	-	-	(14,450)	-	-	(14,450)
Exchange translation	-	-	-	-	23,243	-	23,243
Balance at September 30, 2005	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>25,377</u>	<u>614,742</u>	<u>1,503,167</u>
		Issued capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Proposed dividend HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Company							
Third quarter 2006 ("Q3 2006")							
Balance at June 30, 2006		560,200	296,573	6,275	18,063	3,616	884,727
Net profit for Q3 2006		-	-	-	-	5	5
Balance at September 30, 2006		<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,063</u>	<u>3,621</u>	<u>884,732</u>
Third quarter 2005 ("Q3 2005")							
Balance at June 30, 2005		560,200	296,573	6,275	14,450	3,732	881,230
Net profit for Q3 2005		-	-	-	-	14,439	14,439
Interim dividend paid		-	-	-	(14,450)	-	(14,450)
Balance at September 30, 2005		<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>18,171</u>	<u>881,219</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued share capital for the 3 months' period ended September 30, 2006.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied the same accounting policies and methods of computation as in the preparation of the financial statements for Q3 2006 as in its FY2005 audited annual financial statements except for the adoption of the new/revised Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after January 1, 2006. The adoption of the new/revised FRS has not resulted in changes to the amounts reported for prior periods and does not have any major financial impact on the Group's Q3 2006 results.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months from July 1, 2006 to September 30, 2006	3 months from July 1, 2005 to September 30, 2005
Based on the weighted average number of ordinary shares in issue	11.92 HK cents	5.13 HK cents
On a fully diluted basis	11.92 HK cents	5.13 HK cents

- 7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	September 30, 2006	December 31, 2005	September 30, 2006	December 31, 2005
Net asset value per ordinary share based on issued share capital at the end of the period reported on	241.52 HK cents	214.30 HK cents	122.45 HK cents	122.47 HK cents

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group continued to deliver satisfactory performance for the three-month period from July 2006 to September 2006 ("Q3 2006") on the back of positive market conditions for electronics products, competitive pricing of our products and effective cost management across the boards for our operations in China. The Group recorded 120% increase in quarterly turnover to approximately HK\$816 million and net profit attributable to shareholders also grew by 133% to reach HK\$86 million. The Group's sales volume also posted growth of approximately 30% year-on-year.

The Group experienced robust demands on our copper foil products from parent group and other fellow subsidiaries, including Elec & Eltek Group and external customers in Q3 2006. Sales to external customers accounted for approximately 11% of the total sales (Q3 2005: 13%). In terms of product mix, 18 microns thickness copper foil accounted for approximately 25% of the total sales (Q3 2005: 30%) while 35 microns and above thickness copper foil accounted for 75% (Q3 2005: 70%).

In line with increased shipment volume, distribution costs in Q3 2006 surged by 43% to HK\$6.8 million. Finance costs, largely made up of interest paid for trust receipt loans, amounted to approximately HK\$5.6 million. Pre-tax margin maintained at around 11.5% as copper costs have softened after more stable supply and demand situation observed in the recent months.

The Group remains financially healthy. As at September 30, 2006, net current assets and current ratio were approximately HK\$625 million and 2.0 respectively. The current assets included cash of HK\$140 million, trade receivables of HK\$614 million, other receivables and prepayment of HK\$117 million, derivative financial instruments of HK\$9 million relating to the copper swap contracts entered by the Group and inventories of HK\$358 million. Although the inventories have increased by HK\$99 million when compared with December 31, 2005, this amount remained comparable to that of HK\$400 million as of June 30, 2006. Additional capital expenditure of approximately HK\$107 million in Q3 2006 were mainly for the Phase Two capacity expansion at the Lianzhou copper foil plant.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

As mentioned in the Second Quarter Financial Statement Announcement made on August 14, 2006, the directors expect the Group to remain profitable. The results for the reporting period are in line with these announcements made previously.

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Going forward, the Group expects the overall business environment to remain competitive due to keen regional competition. Prices on precious metals including copper continued to be volatile in October 2006. We will continue to keep a tight rein on costs and implement all necessary measures to ensure we remain competitive on all fronts.

The Group has been gaining recognition and franchise in the copper foil market. Our significant presence in China, along with the proximity of our manufacturing plants to the mainland customers, have enabled the Group to better serve specific needs of the customers from time to time. We have completed construction of the Phase Two of our copper foil plant in Lianzhou which has its first stage of trial run commenced in late October 2006.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in the fourth quarter of the current financial year.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economics conditions, shifts in customer demands, customers and partners, and government and policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on current view of management on future events.

11 Dividend

- (a) *Current Financial Period Reported on*
Any dividend declared for the current financial period reported on? None.
- (b) *Corresponding Period of the Immediately Preceding Financial Year*
Any dividend declared for the corresponding period of the immediately preceding financial year? None.
- (c) *Date Payable*
Not applicable.
- (d) *Books closure date*
Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been proposed or declared for the 3 months period ended September 30, 2006.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 and half year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15 A breakdown of sales

Not applicable.

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend (Refer to Para 16 of Appendix 7.2 for the required details).

	Latest Full Year HK\$'000	Previous Full Year HK\$'000
Ordinary	—	—
Preference	—	—
Total	—	—
Not applicable.		

17 Interested Person Transactions - Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.
Aggregate value of interested person transactions entered from July 1, 2006 to September 30, 2006.

Name of interested person	Aggregate Value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) HK\$	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$
Kingboard Laminates (MCO) Limited	2,715,000	453,841,000
Kingboard Laminates (Kunshan) Company Limited	-	103,567,000
Kingboard Laminates (Jiangmen) Company Limited	-	17,646,000
Kunshan Yattao Chemical Company Limited	-	47,516,000
Techwise (MCO) Circuits Limited	-	9,891,000
King Board (Panyu) Chemical Company Limited	-	1,089,000
Hengyang Kingboard Chemical Co. Ltd.	-	203,000
Nanjing Elec & Eltek Electronic Company Limited	-	643,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	-	9,780,000
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	-	1,219,000
Elec & Eltek Multilayer PCB Limited	-	307,000
Elec & Eltek (Thailand) Limited	-	6,837,000
Pacific Insulating Material (Thailand) Limited	-	15,116,000
Shenzhen Pacific Insulating Material Company Limited	-	34,706,000
Kaiping Pacific Insulating Material Co., Ltd.	-	11,499,000
Kai Ping Elec & Eltek Company Limited	-	3,925,000
Kaiping Elec & Eltek No. 2 Company Limited	-	3,996,000
Kaiping Elec & Eltek No. 3 Company Limited	-	6,145,000
Total	<u>2,715,000</u>	<u>727,926,000</u>

Note: All the above named companies are subsidiaries of Kingboard Chemical Holdings Limited, a substantial shareholder of the Company listed on The Stock Exchange of Hong Kong Limited.

18 Post Balance Sheet Event

The Company refers to its announcements on July 24, 2006 and November 3, 2006 and to its Second Quarter Financial Statement and Dividend Announcement for the period ended June 30, 2006 dated August 14, 2006, respectively in relation to the proposed spin-off (the "Proposed Spin-off") of the laminates business of Kingboard Chemical Holdings Limited ("Kingboard Chemical") and its subsidiaries to Kingboard Laminates Holdings Limited ("Kingboard Laminates" and together with its subsidiaries "Kingboard Laminates Group").

In connection with the Proposed Spin-off, Kingboard Chemical and its wholly-owned subsidiaries (Kingboard Investments Limited and Jamplan (BVI) Limited ("Jamplan")) have transferred their entire interests in the share capital of the Company to Excel First Investments Limited ("Excel First") on November 3, 2006.

Excel First is currently a wholly-owned subsidiary of Kingboard Chemical (through Jamplan) and would become part of the Kingboard Laminates Group upon completion of the Proposed Spin-off.

CONFIRMATION BY THE BOARD

We, Chan Wing Kwan and Cheung Kwok Ping being two directors of Kingboard Copper Foil Holdings Limited, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2006 financial results to be false or misleading.

On behalf of the board of directors

Chan Wing Kwan
Managing Director

Cheung Kwok Ping
Director

As at the date of this announcement, Mr. Cheung Kwok Wing, Mr. Chan Wing Kwan, Mr. Lam Ka Po, Mr. Cheung Kwok Keung, Mr. Cheung Kwok Wa, Mr. Cheung Kwong Kwan, Mr. Cheung Kwok Ping, Mr. Chang Wing Yiu and Mr. Mok Cham Hung, Chadwick are executive directors of Kingboard Chemical Holdings Limited, Mr. Cheng Ming Fun, Paul, Mr. Tse Kam Hung and Mr. Henry Tan are independent non-executive directors of Kingboard Chemical Holdings Limited.

BY ORDER OF THE BOARD
Kingboard Chemical Holdings Limited
Chan Wing Kwan
Managing Director

Hong Kong, November 13, 2006

"Please also refer to the published version of this announcement in The Standard."