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KINGBOARD CHEMICAL HOLDINGS LIMITED

(Incorporated in 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 June 30, 2006 on the Singapore Exchange Securities Trading Limited on August 14, 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 June 30, 2006 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on August 14, 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 30/6/2006

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
	June 30, 2006 HK\$'000	June 30, 2005 HK\$'000	
Revenue	603,735	342,358	76.35%
Cost of sales	(530,044)	(292,937)	80.94%
Gross profit	73,691	49,421	49.11%
Other operating income	4,848	3,476	39.47%
Distribution costs	(6,415)	(4,079)	57.27%
Administrative expenses	(10,713)	(9,445)	13.43%
Other operating expenses	(866)	(1,383)	-37.38%
Finance costs – interest expenses paid to non-related companies	(4,056)	(2,285)	77.51%
Profit before tax	56,489	35,705	58.21%
Income tax	(4,787)	(3,242)	47.66%
Profit for the period	51,702	32,463	59.26%

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

	Group 3 months ended		% Change
	June 30, 2006 HK\$'000	June 30, 2005 HK\$'000 (Restated)	
Other operating income including interest income	(4,848)	(3,476)	39.47%
Interest on bank borrowings	4,056	2,285	77.51%
Depreciation of property, plant and equipment	30,693	25,468	20.52%
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 June 30, 2006 HK\$'000	As at December 31, 2005 HK\$'000	As at June 30, 2006 HK\$'000	As at December 31, 2005 HK\$'000
ASSETS				
Current assets:				
Cash and bank balances	139,612	103,247	–	–
Trade receivables	556,461	564,154	–	–
Other receivables and prepayments	100,314	100,737	–	26,238
Prepaid land use rights (current)	1,069	788	–	–
Derivative financial instruments	6,091	–	–	–
Inventories	399,975	259,651	–	–
Total current assets	1,203,522	1,028,577	–	26,238
Non-current Assets:				
Subsidiaries	–	–	394,165	394,165
Due from a subsidiary	–	–	481,562	455,498
Property, plant and equipment	986,609	941,211	–	–
Prepaid land use rights (non-current)	49,513	36,257	–	–
Available-for-sale investments	9,000	9,000	9,000	9,000
Total non-current assets	1,045,122	986,468	884,727	858,663
Total assets	2,248,644	2,015,045	884,727	884,901
LIABILITIES AND EQUITY				
Current liabilities:				
Bank borrowings	509,190	365,134	–	–
Trade payables	73,503	79,217	–	75
Income tax payable	28,530	22,347	–	–
Total current liabilities	611,223	466,698	–	75
Capital and reserves:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,077,221	988,147	324,527	324,626
Total equity	1,637,421	1,548,347	884,727	884,826
Total liabilities and equity	2,248,644	2,015,045	884,727	884,901

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

Amount repayable in one year or less, or on demand

As at June 30, 2006

Secured HK\$'000	Unsecured HK\$'000
–	509,190

As at December 31, 2005

Secured HK\$'000	Unsecured HK\$'000
–	365,134

Amount repayable after one year

As at June 30, 2006

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

As at December 31, 2005

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

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	
	June 30,	June 30,
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)
Cash flows from operations:		
Profit before tax	56,489	35,705
Adjustments for:		
Depreciation expense	30,693	25,468
Release of prepaid land use rights	464	106
Derivative financial instruments	(6,091)	–
Interest expense and finance charges	4,056	2,285
Interest income	(2,918)	(3,476)
	<hr/>	<hr/>
Operating cash flow before working capital changes	82,693	60,088
Trade receivables	52,538	29,141
Other receivables and prepayments	(21,210)	8,020
Inventories	(97,487)	(17,966)
Trade payables	(24,813)	4,670
	<hr/>	<hr/>
Cash (used in)/generated from operations	(8,279)	83,953
Income tax paid	(2,957)	(5,053)
Dividends paid	(21,675)	(18,063)
Interest paid	(4,056)	(2,285)
Interest received	2,918	3,476
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(34,049)	62,028
Cash flows from investing activities:		
Prepaid land use rights made	(13,974)	–
Purchase of property, plant and equipment	(48,702)	(65,981)
	<hr/>	<hr/>
Net cash used in investing activities	(62,676)	(65,981)
	<hr/>	<hr/>
Cash flows from financing activities:		
Increase/(Decrease) in bank borrowings	97,282	(22,868)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	97,282	(22,868)
	<hr/>	<hr/>
Effects of consolidating foreign subsidiaries	5,988	(3,973)
	<hr/>	<hr/>
Increase/(Decrease) in cash and bank balances	6,545	(30,794)
Cash and bank balances at March 31	133,067	125,849
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Cash and bank balances at June 30	139,612	95,055
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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 <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserves <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Currency translation reserves <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Group							
Second quarter 2006 ("Q2 2006")							
Balance at March 31, 2006	560,200	296,573	6,275	21,675	32,969	683,714	1,601,406
Net profit for Q2 2006	-	-	-	-	-	51,702	51,702
Final dividend paid	-	-	-	(21,675)	-	-	(21,675)
Proposed dividend	-	-	-	18,063	-	(18,063)	-
Exchange translation	-	-	-	-	5,988	-	5,988
Balance at June 30, 2006	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,063</u>	<u>38,957</u>	<u>717,353</u>	<u>1,637,421</u>
Second quarter 2005 ("Q2 2005")							
Balance at March 31, 2005	560,200	296,573	6,275	18,063	6,107	559,680	1,446,898
Net profit for Q2 2005	-	-	-	-	-	32,463	32,463
Final dividend paid	-	-	-	(18,063)	-	-	(18,063)
Proposed dividend	-	-	-	14,450	-	(14,450)	-
Exchange translation	-	-	-	-	(3,973)	-	(3,973)
Balance at June 30, 2005	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>14,450</u>	<u>2,134</u>	<u>577,693</u>	<u>1,457,325</u>
	Issued capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserves <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Company							
Second quarter 2006 ("Q2 2006")							
Balance at March 31, 2006	560,200	296,573	6,275	21,675	107	884,830	
Net profit for Q2 2006	-	-	-	-	21,572	21,572	
Final dividend paid	-	-	-	(21,675)	-	(21,675)	
Proposed dividend	-	-	-	18,063	(18,063)	-	
Balance at June 30, 2006	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,063</u>	<u>3,616</u>	<u>884,727</u>	
Second quarter 2005 ("Q2 2005")							
Balance at March 31, 2005	560,200	296,573	6,275	18,063	108	881,219	
Net profit for Q2 2005	-	-	-	-	18,074	18,074	
Final dividend paid	-	-	-	(18,063)	-	(18,063)	
Proposed dividend	-	-	-	14,450	(14,450)	-	
Balance at June 30, 2005	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>14,450</u>	<u>3,732</u>	<u>881,230</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 June 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 Q2 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 Q2 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 April 1, 2006 to June 30, 2006	3 months from April 1, 2005 to June 30, 2005
Based on the weighted average number of ordinary shares in issue	7.16 HK cents	4.49 HK cents
On a fully diluted basis	7.16 HK cents	4.49 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	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Net asset value per ordinary share based on issued share capital at the end of the period reported on	226.63 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.**

Maintaining its growth momentum for second quarter of 2006 ("Q2 2006") and with contribution from the fourth and fifth stages of Phase One of the Lianzhou copper foil plant, the Group's sales volume grew by about 36% year-on-year. The Group's turnover amounted to approximately HK\$604 million, an increase of 76% over Q2 2005. Net profit attributable to shareholders was up by 59% to HK\$52 million. The Group attributed its turnover and net profit growth to robust demand for electronics products, price competitiveness on larger economies of scales and as well as effective cost management for the Group's manufacturing operations in China.

Demand from our parent group and other fellow subsidiaries, including Elec & Eltek Group and external customers remained robust in Q2 2006. Sales to external customers accounted for approximately 11% of the total sales (Q2 2005: 16.6%). In terms of product mix, 18 microns thickness copper foil accounted for approximately 27% of the total sales (Q2 2005: 30%) while 35 microns and above thickness copper foil accounted for 73% (Q2 2005: 70%).

Distribution costs in Q2 2006 were approximately HK\$6.4 million, up 57% over Q2 2005 and was in line with increased business activities. Finance cost increased by 77% to HK\$4.1 million as a result of rising interest rates on trust receipt loans. The rising copper prices had exerted margin pressures on the Group's profit performance. However, the Group was able to maintain its pre-tax margin at around 9.4%, reflecting our ability to successfully manage the effects of volatile raw material prices.

The Group's financial position remained healthy. As at June 30, 2006, net current assets and current ratio were approximately HK\$592 million and 1.97 respectively. The current assets included cash of HK\$140 million, trade receivables of HK\$556 million, other receivables and prepayment of HK\$100 million, derivative financial instruments of HK\$6 million which related to the copper swap contracts entered by the Group in Q2 2006 and inventories of HK\$400 million. In Q2 2006 inventory had increased as there was an increase in the unit cost of copper by approximately 52% since the beginning of 2006 and higher stock of raw materials were being kept in light of an increase in production capacity.

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 First Quarter Financial Statement Announcement made on May 9, 2006, the directors expect the Group to remain profitable. The results for the reporting period are in line with those 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.

In Q2 2006, we observed prices on precious metals including copper remained volatile. Although the overall business environment continued to be competitive, our solid financial performance, balance sheet strength, management track records as well as our footprint within the region have put us in stronger position to foray into the future. Over the last several years, China has emerged as the world's major production center for electronics products. As the number of electronic assembly plants blossoms in China, our stronger presence in China allows the Group to reap the benefit from the growing market demands. The construction of Phase Two of the Group's copper foil plant in Lianzhou has commenced and shall complete in Q4 2006 to keep the Group growing in the future.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in the current 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? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend Rate	HK 2.5 cents per ordinary share
Par value of shares	US\$0.10
Tax Rate	N/A

(b) *Corresponding Period of the Immediately Preceding Financial Year*
 Any dividend declared for the corresponding period of the immediately preceding financial year?
 Yes

Name of dividend	Interim
Dividend type	Cash
Dividend Rate	HK 2.0 cents per ordinary share
Par value of shares	US\$0.10
Tax Rate	N/A

(c) *Date Payable*
 The Dividend payment date will be announced at a later date.

(d) *Books closure date*
 Notice on the closure of Share Transfer Books and Register of Members of the Company to determine shareholders' entitlement to the interim dividend will be announced later.

12. **If no dividend has been declared/recommended, a statement to that effect.**
 Not applicable.

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	–	–
	<hr/>	<hr/>
Total	–	–
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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 April 1, 2006 to June 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	2,754,000	325,964,000
Kingboard Laminates (Kunshan) Company Limited	–	49,102,000
Kingboard Laminates (Jiangmen) Company Limited	–	20,390,000
Kunshan Yattao Chemical Company Limited	–	55,081,000
Techwise (MCO) Circuits Limited	–	5,329,000
King Board (Panyu) Chemical Company Limited	–	968,000
Hengyang Kingboard Chemical Co. Ltd.	–	230,000
Nanjing Elec & Eltek Electronic Company Limited	–	756,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	5,365,000
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	1,395,000
Elec & Eltek Multilayer PCB Limited	–	425,000
Elec & Eltek (Thailand) Limited	–	4,554,000
Pacific Insulating Material (Thailand) Limited	–	16,256,000
Shenzhen Pacific Insulating Material Company Limited	–	35,869,000
Kaiping Pacific Insulating Material Co., Ltd.	–	10,179,000
Kai Ping Elec & Eltek Company Limited	–	2,214,000
Kaiping Elec & Eltek No. 2 Company Limited	–	2,611,000
Kaiping Elec & Eltek No. 3 Company Limited	–	3,145,000
Total	2,754,000	539,833,000

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

As announced on SGXNET by the Company on July 24, 2006, the proposed spin-off of the laminates business of its majority shareholder, Kingboard Chemical Holdings Limited (“Kingboard Chemical”), which is conducted through its subsidiaries (the “Proposed Spin-off”) and its application for the listing of, and permission to deal in, the shares of the spin-off group on the main board of the Stock Exchange of Hong Kong Limited. As set out in the said announcement, Kingboard Chemical and its wholly-owned subsidiary will transfer their entire interests in the Company to the spin-off group. Further, in connection with the Proposed Spin-off, Kingboard Chemical sought, and had been granted, a waiver from the Securities Industries Council, Singapore from the obligation by the spin-off group to make a general offer for the Company as a result of the Proposed Spin-off”.

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, August 14, 2006

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