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## **KINGBOARD CHEMICAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands  
with limited liability)*  
**(Stock Code: 148)**

# KB

## **KINGBOARD LAMINATES HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands  
with limited liability)*  
**(Stock Code: 1888)**

### **JOINT ANNOUNCEMENT**

### **ANNOUNCEMENT RELATED TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY**

KBCF announced its unaudited consolidated results for the three months ended September 30, 2007 on the Singapore Exchange Securities Trading Limited on October 30, 2007.

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 announced its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended September 30, 2007 on the website of [www.sgx.com](http://www.sgx.com) of Singapore Exchange Securities Trading Limited on October 30, 2007. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

KBCF is an indirect 62.15%-owned subsidiary of Kingboard Laminates Holdings Limited (“Kingboard Laminates”). In turn, Kingboard Laminates is an indirect 73.22%-owned subsidiary of Kingboard Chemical Holdings Limited (“Kingboard Chemical”). Both Kingboard Chemical and Kingboard Laminates are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange 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 30/9/2007**

**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.**

	<b>Group</b>		
	<b>3 months ended</b>		
	<b>September 30,</b>	<b>September 30,</b>	<b>%</b>
	<b>2007</b>	<b>2006</b>	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	953,233	815,813	16.84%
Cost of sales	(835,580)	(700,793)	19.23%
Gross profit	117,653	115,020	2.29%
Other operating income	6,674	5,508	21.17%
Distribution costs	(7,958)	(6,777)	17.43%
Administrative expenses	(13,044)	(11,818)	10.37%
Other operating expenses	(2,004)	(2,140)	-6.36%
Finance costs – interest expenses paid to non-related companies	(5,953)	(5,644)	5.47%
Profit before tax	95,368	94,149	1.29%
Income tax expense	(7,516)	(8,002)	-6.07%
Profit for the period	<u>87,852</u>	<u>86,147</u>	<u>1.98%</u>
Attributable to:			
Equity holders of the Company	<u>87,450</u>	<u>86,147</u>	<u>1.51%</u>
Minority interests	<u>402</u>	<u>–</u>	<u>N/A</u>

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

	<b>Group</b>		
	<b>3 months ended</b>		
	<b>September 30,</b>	<b>September 30,</b>	<b>%</b>
	<b>2007</b>	<b>2006</b>	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(6,674)	(5,508)	21.17%
Interest on bank borrowings	5,953	5,644	5.47%
Depreciation of property, plant and equipment	42,966	31,460	36.57%
Release of prepaid land use rights	645	464	39.01%

**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**

	<b>Group</b>		<b>Company</b>	
	<b>As at September 30, 2007 HK\$'000</b>	<b>As at December 31, 2006 HK\$'000</b>	<b>As at September 30, 2007 HK\$'000</b>	<b>As at December 31, 2006 HK\$'000</b>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	222,131	208,562	–	–
Trade and other receivables and prepayments	520,046	629,602	7,650	16,725
Derivative financial instruments	1,815	–	–	–
Prepaid land use rights (current)	825	825	–	–
Inventories	539,315	415,434	–	–
<b>Total current assets</b>	<b>1,284,132</b>	<b>1,254,423</b>	<b>7,650</b>	<b>16,725</b>
<b>Non-current Assets:</b>				
Subsidiaries	–	–	394,165	394,165
Due from a subsidiary	–	–	470,974	472,563
Property, plant and equipment	1,188,713	1,111,956	–	–
Goodwill	202	–	–	–
Prepaid land use rights (non-current)	37,532	36,728	–	–
Available-for-sale investments	19,800	9,000	19,800	9,000
<b>Total non-current assets</b>	<b>1,246,247</b>	<b>1,157,684</b>	<b>884,939</b>	<b>875,728</b>
<b>Total assets</b>	<b>2,530,379</b>	<b>2,412,107</b>	<b>892,589</b>	<b>892,453</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to a subsidiary	–	–	638	394
Bank borrowings	349,292	423,518	–	–
Trade payables	97,797	130,901	–	–
Income tax payable	48,969	36,930	–	–
<b>Total current liabilities</b>	<b>496,058</b>	<b>591,349</b>	<b>638</b>	<b>394</b>
<b>Capital and reserves:</b>				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,453,556	1,260,558	331,751	331,859
Equity attributable to equity holders of the Company	2,013,756	1,820,758	891,951	892,059
Minority interests	20,565	–	–	–
<b>Total liabilities and equity</b>	<b>2,530,379</b>	<b>2,412,107</b>	<b>892,589</b>	<b>892,453</b>

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

*Amount repayable in one year or less, or on demand*

<b>As at September 30, 2007</b>		<b>As at December 31, 2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	349,292	–	423,518

*Amount repayable after one year*

<b>As at September 30, 2007</b>		<b>As at December 31, 2006</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
–	–	–	–

*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**

	<b>3 Months ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operations:</b>		
Profit before tax	95,368	94,149
Adjustments for:		
Depreciation expense	42,966	31,460
Release of prepaid land use rights	645	464
Derivative financial instruments	849	(3,099)
Interest expense and finance charges	5,953	5,644
Interest income	(1,337)	(2,543)
	<hr/>	<hr/>
Operating cash flow before working capital changes	144,444	126,075
Trade and other receivables and prepayments	(196,904)	(74,685)
Inventories	(40,465)	41,486
Trade payables	(45,554)	35,583
	<hr/>	<hr/>
Cash (used in)/generated from operations	(138,479)	128,459
Income tax paid	(1,255)	(3,260)
Dividend paid	(18,785)	–
Interest paid	(5,953)	(5,644)
Interest received	1,337	2,543
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	<u>(163,135)</u>	<u>122,098</u>
<b>Cash flows from investing activities:</b>		
Purchase of available-for-sale investments	(10,800)	–
Purchase of property, plant and equipment	(35,293)	(106,623)
	<hr/>	<hr/>
Net cash used in investing activities	<u>(46,093)</u>	<u>(106,623)</u>
<b>Cash flows from financing activities:</b>		
Increase/(decrease) in bank borrowings	160,711	(36,515)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	<u>160,711</u>	<u>(36,515)</u>
<b>Effects of consolidating foreign subsidiaries</b>		
	<u>8,480</u>	<u>21,189</u>
(Decrease)/increase in cash and bank balances	(40,037)	149
Cash and bank balances at June 30	262,168	139,612
	<hr/>	<hr/>
<b>Cash and bank balances at September 30</b>	<u>222,131</u>	<u>139,761</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**

	Attributable to equity holders of the Company								
	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	Minority interests HK\$'000	Total Equity HK\$'000
<b>Group</b>									
Third quarter 2007 ("Q3 2007")									
Balance at June 30, 2007	560,200	296,573	6,275	18,785	114,534	939,976	1,936,343	19,786	1,956,129
Profit for Q3 2007	-	-	-	-	-	87,450	87,450	402	87,852
Exchange translation	-	-	-	-	8,748	-	8,748	377	9,125
Total recognised income and expenses for the period	-	-	-	-	8,748	87,450	96,198	779	96,977
Interim dividend paid	-	-	-	(18,785)	-	-	(18,785)	-	(18,785)
Balance at September 30, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>123,282</u>	<u>1,027,426</u>	<u>2,013,756</u>	<u>20,565</u>	<u>2,034,321</u>
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	-	1,637,421
Profit for Q3 2006	-	-	-	-	-	86,147	86,147	-	86,147
Exchange translation	-	-	-	-	21,386	-	21,386	-	21,386
Total recognised income and expenses for the period	-	-	-	-	21,386	86,147	107,533	-	107,533
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>	<u>-</u>	<u>1,744,954</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>
<b>Company</b>						
Third quarter 2007 (“Q3 2007”)						
Balance at June 30, 2007	560,200	296,573	6,275	18,785	3,715	885,548
Profit for Q3 2007	–	–	–	–	25,188	25,188
Interim Dividend Paid	–	–	–	(18,785)	–	(18,785)
	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>–</u>	<u>28,903</u>	<u>891,951</u>
Third quarter 2006 (“Q3 2006”)						
Balance at June 30, 2006	560,200	296,573	6,275	18,063	3,616	884,727
Profit for Q3 2006	–	–	–	–	5	5
	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,063</u>	<u>3,621</u>	<u>884,732</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, 2007.

- 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 2007 as in its FY2006 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, 2007. 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 2007 results.

The application of FRS107 and the consequential amendments to other FRSs will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company and Group's financial instruments and the objectives, policies and processes for managing capital.

- 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.**

	<b>3 months from July 1, 2007 to September 30, 2007</b>	<b>3 months from July 1, 2006 to September 30, 2006</b>
Based on the weighted average number of ordinary shares in issue	12.10 HK cents	11.92 HK cents
On a fully diluted basis	12.10 HK cents	11.92 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.**

	<b>Group</b>		<b>Company</b>	
	<b>September 30, 2007</b>	<b>December 31, 2006</b>	<b>September 30, 2007</b>	<b>December 31, 2006</b>
Net asset value per ordinary share based on issued share capital at the end of the period reported on	278.72 HK cents	252.01 HK cents	123.45 HK cents	123.47 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.**

On the back of healthy economic conditions in the region and our leading market position in China, we continued to advance our market share during the three-month period from July 2007 to September 2007 (“Q3 2007”). The third stage of Phase Two of the Lianzhou copper foil plant commenced its pilot run in August 2007 and its output was fully taken up by our customers. Therefore, the Group’s sales volume recorded growth of approximately 16% year-on-year. This enabled the Group to deliver another set of satisfactory financial performance in Q3 2007. The Group’s turnover in Q3 2007 posted double digit growth of 16.84% to HK\$953 million and net profit attributable to shareholders also grew by 1.51% to reach HK\$87 million.

Demand from multi-layer PCB customers and our affiliated companies of the parent group including Elec & Eltek remained robust in Q3 2007. Sales to external customers accounted for approximately 10% of the total sales (Q3 2006 : 11%). In terms of product mix, 18 microns and below thickness copper foil accounted for approximately 28% of the total sales (Q3 2006 : 25%) while 35 microns and above thickness copper foil accounted for 72% (Q3 2006 : 75%).

In line with increased shipment volume, distribution costs in Q3 2007 increased by 17.43% to HK\$8 million. Finance costs, largely made up of interest paid for trust receipt loans, amounted to approximately HK\$6 million. Profit before tax increased by HK\$1.3 million from HK\$94.1 million in Q3 2006 to HK\$95.4 million in Q3 2007. Pre-tax margin maintained at around 10%, a level close to Q3 2006.

The Group remained financially healthy. As at September 30, 2007, net current assets and current ratio were approximately HK\$788 million and 2.6 respectively. The current assets included cash of HK\$222 million, trade and other receivables and prepayment of HK\$520 million, derivative financial instruments of HK\$2 million in relation to copper swap contracts entered by the Group in Q3 2007 and inventories of HK\$539 million. The increase in inventory in Q3 2007 was mainly attributable to the stock up of raw materials to facilitate the increase in production capacity. Capital expenditure of approximately HK\$35 million in Q3 2007 was incurred primarily for commissioning the third stage of Phase Two of 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, 2007, 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.**

Going forward, the Group expects the overall business environment to remain highly competitive due to keen regional competition. Oil and commodities prices including copper continue to rally

at the high level and this would prohibit weaker competitors from aggressive expansion. The continued industry migration to China from other high costs countries is expected to drive further demand for electronic products. In order to capture additional market share in China and gain new customers, the Group will continue to expand its production capacities. We have started the construction of infrastructure for Phase Three of the Lianzhou copper foil plant with a targeted monthly capacity of 900 tonnes which will be rolled out in three stages. With the appropriate strategy in place, the Group would continue to capitalize on our solid track records so as to pursue long term business growth and further enhance our shareholders' value.

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

*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, 2007.

**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)**

	<b>Latest Full Year HK\$'000</b>	<b>Previous Full Year HK\$'000</b>
Ordinary	–	–
Preference	–	–
	<hr/>	<hr/>
Total	–	–
	<hr/>	<hr/>

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, 2007 to September 30, 2007.

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	697,000	601,776,000
Kingboard Laminates (Kunshan) Company Limited	–	97,698,000
Kingboard Laminates (Jiangmen) Company Limited	–	33,827,000
Kunshan Yattao Chemical Company Limited	–	8,166,000
Techwise (MCO) Circuits Limited	–	9,456,000
King Board (Panyu) Chemical Company Limited	–	93,000
Hengyang Kingboard Chemical Co. Ltd.	–	276,000
Shanghai Zhan Bo Marketing Co., Ltd.	–	979,000
Nanjing Elec & Eltek Electronic Company Limited	–	1,102,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	11,523,000
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	2,044,000
Elec & Eltek (MCO) Limited	–	81,599,000
Kaiping Pacific Insulating Material Co., Ltd.	–	2,491,000
Kai Ping Elec & Eltek Company Limited	–	1,627,000
Kaiping Elec & Eltek No. 2 Company Limited	–	3,019,000
Kaiping Elec & Eltek No. 3 Company Limited	–	8,305,000
<b>Total</b>	<b><u>697,000</u></b>	<b><u>863,981,000</u></b>

*Note:* All the above named companies are subsidiaries of Kingboard Chemical Holdings Limited, which is listed on the main board of The Stock Exchange of Hong Kong Limited and is the ultimate holding company of Kingboard Copper Foil Holdings Limited.

## **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 our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2007 financial results to be false or misleading.

On behalf of the board of directors

**Kingboard Copper Foil Holdings Limited**

**Chan Wing Kwan**

*Managing Director*

**Cheung Kwok Ping**

*Director*

*As at the date of this announcement, the board of directors (“Board”) of Kingboard Chemical consists of Messrs. Cheung Kwok Wing, Chan Wing Kwan, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie and Mok Cham Hung, Chadwick, being the executive directors, and Messrs. Cheng Ming Fun, Paul, Cheng Wai Chee, Christopher, Tse Kam Hung and Henry Tan, being the independent non-executive directors.*

*As at the date of this announcement, the Board of Kingboard Laminates 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, Mr. Lo Ka Leong, being the non-executive director, and Messrs. Chan Charnwut Bernard, Chan Yue Kwong, Michael, Leung Tai Chiu and Mok Yiu Keung, Peter, being the independent non-executive directors.*

BY ORDER OF THE BOARD

**Kingboard Chemical Holdings Limited**

**Chan Wing Kwan**

*Managing Director*

BY ORDER OF THE BOARD

**Kingboard Laminates Holdings Limited**

**Cheung Kwok Keung**

*Managing Director*

Hong Kong, October 30, 2007