

KB

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)

ANNOUNCEMENT RELATED TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY

KBCF announced its unaudited consolidated results for the three months ended March 31, 2007 on the Singapore Exchange Securities Trading Limited on May 8, 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 March 31, 2007 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on May 8, 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 72.5%-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 31/3/2007

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.

	Group 3 months ended		% Change
	March 31, 2007 HK\$'000	March 31, 2006 HK\$'000	
Revenue	761,056	499,856	52.26%
Cost of sales	(686,213)	(434,225)	58.03%
Gross profit	74,843	65,631	14.04%
Other operating income	4,382	3,902	12.30%
Distribution costs	(7,158)	(5,126)	39.64%
Administrative expenses	(10,755)	(9,448)	13.83%
Other operating expenses	(885)	(759)	16.60%
Finance costs – interest expenses paid to non-related companies	(3,849)	(3,619)	6.36%
Profit before tax	56,578	50,581	11.86%
Income tax expense	(4,502)	(4,297)	4.77%
Profit for the period	52,076	46,284	12.51%

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

	Group		% Change
	3 months ended		
	March 31, 2007	March 31, 2006	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(4,382)	(3,902)	12.30%
Interest on bank borrowings	3,849	3,619	6.36%
Depreciation of property, plant and equipment	34,985	27,062	29.28%
Release of prepaid land use rights	206	198	4.04%

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 March 31, 2007	As at December 31, 2006	As at March 31, 2007	As at December 31, 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Current assets:				
Cash and bank balances	154,732	208,562	–	–
Trade and Other receivables and prepayments	602,683	629,602	20,700	16,725
Prepaid land use rights (current)	825	825	–	–
Inventories	460,404	415,434	–	–
Total current assets	1,218,644	1,254,423	20,700	16,725
Non-current Assets:				
Subsidiaries	–	–	394,165	394,165
Due from a subsidiary	–	–	468,591	472,563
Property, plant and equipment	1,155,844	1,111,956	–	–
Prepaid land use rights (non-current)	37,082	36,728	–	–
Available-for-sale investments	9,000	9,000	9,000	9,000
Total non-current assets	1,201,926	1,157,684	871,756	875,728
Total assets	2,420,570	2,412,107	892,456	892,453
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	394	394
Bank borrowings	348,796	423,518	–	–
Trade payables	145,797	130,901	–	–
Income tax payable	37,170	36,930	–	–
Total current liabilities	531,763	591,349	394	394
Capital and reserves:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,328,607	1,260,558	331,862	331,859
Total equity	1,888,807	1,820,758	892,062	892,059
Total liabilities and equity	2,420,570	2,412,107	892,456	892,453

1(b)(ii) Aggregate amount of group's borrowings and debt securities*Amount repayable in one year or less, or on demand*

As at March 31, 2007		As at December 31, 2006	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
–	348,796	–	423,518

Amount repayable after one year

As at March 31, 2007		As at December 31, 2006	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	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	
	March 31, 2007	March 31, 2006
	HK\$'000	HK\$'000
Cash flows from operations:		
Profit before tax	56,578	50,581
Adjustments for:		
Depreciation expense	34,985	27,062
Release of prepaid land use rights	206	198
Interest expenses and finance charges	3,849	3,619
Interest income	(2,430)	(2,803)
	<hr/>	<hr/>
Operating cash flow before working capital changes	93,188	78,657
Trade and other receivables and prepayments	26,919	(23,212)
Inventories	(44,970)	(42,837)
Trade payables	14,896	19,099
	<hr/>	<hr/>
Cash generated from operations	90,033	31,707
Income tax paid	(4,262)	–
Interest paid	(3,849)	(3,619)
Interest received	2,430	2,803
	<hr/>	<hr/>
Net cash generated from operating activities	84,352	30,891
Cash flows from investing activities:		
Purchase of property, plant and equipment	(62,443)	(54,451)
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Net cash used in investing activities	(62,443)	(54,451)
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Cash flows from financing activities:

(Decrease)/increase in bank borrowings	(74,722)	46,774
Net cash (used in)/generated from financing activities	(74,722)	46,774
Effects of consolidating foreign subsidiaries	(1,017)	6,606
(Decrease)/Increase in cash and bank balances	(53,830)	29,820
Cash and bank balances at December 31	208,562	103,247
Cash and bank balances at March 31	154,732	133,067

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							
First quarter 2007 ("Q1 2007")							
Balance at December 31, 2006	560,200	296,573	6,275	28,900	77,940	850,870	1,820,758
Net Profit for Q1 2007	-	-	-	-	-	52,076	52,076
Exchange translation	-	-	-	-	15,973	-	15,973
Total recognised income and expense for the period	-	-	-	-	15,973	52,076	68,049
Balance at March 31, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>28,900</u>	<u>93,913</u>	<u>902,946</u>	<u>1,888,807</u>
First quarter 2006 ("Q1 2006")							
Balance at December 31, 2005	560,200	296,573	6,275	21,675	26,194	637,430	1,548,347
Net profit for Q1 2006	-	-	-	-	-	46,284	46,284
Exchange translation	-	-	-	-	6,775	-	6,775
Total recognised income and expense for the period	-	-	-	-	6,775	46,284	53,059
Balance at March 31, 2006	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>21,675</u>	<u>32,969</u>	<u>683,714</u>	<u>1,601,406</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							
First quarter 2007 ("Q1 2007")							
Balance at December 31, 2006	560,200	296,573	6,275	28,900	111	892,059	
Net profit for Q1 2007	-	-	-	-	3	3	
Balance at March 31, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>28,900</u>	<u>114</u>	<u>892,062</u>	
First quarter 2006 ("Q1 2006")							
Balance at December 31, 2005	560,200	296,573	6,275	21,675	103	884,826	
Net profit for Q1 2006	-	-	-	-	4	4	
Balance at March 31, 2006	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>21,675</u>	<u>107</u>	<u>884,830</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 March 31, 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 Q1 2007 as in its FY2006 audited annual financial statements except for the adoption of the new/revised Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on or after January 1, 2007. The adoption of the new/revised FRSs has not resulted in changes to the amounts reported for prior periods and does not have any major financial impact on the Group's Q1 2007 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 January 1, 2007 to March 31, 2007	3 months from January 1, 2006 to March 31, 2006
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Based on the weighted average number of ordinary shares in issue

7.21 HK cents 6.41 HK cents

On a fully diluted basis

7.21 HK cents 6.41 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	
	March 31, 2007	December 31, 2006	March 31, 2007	December 31, 2006
Net asset value per ordinary share based on issued share capital at the end of the period reported on	261.43 HK cents	252.01 HK cents	123.47 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.**

The Group reported satisfactory results for the first quarter of 2007 (“Q1 2007”) despite softer demand for copper foil products in the beginning of 2007 mainly due to seasonal effect of Chinese Lunar New Year holiday. Our order backlog has picked up since March 2007 and our plants are operating near full capacity. The first stage of Phase Two of the Lianzhou copper foil plant came on stream in January 2007 and has since operated smoothly and efficiently as planned in Q1 2007. The Group's turnover in Q1 2007 rose 52% against Q1 2006 to approximately HK\$761 million. Net profit attributable to shareholders was up by 12.5% to HK\$52 million.

Multi-layer PCB customers and our parent group including Elec & Eltek posted steady demand in Q1 2007 where sales to external customers accounted for approximately 9% of the total sales (Q1 2006: 10%). In terms of product mix, 18 microns thickness copper foil accounted for approximately 25% of the total sales (Q1 2006: 26%) while 35 microns and above thickness copper foil accounted for 75% (Q1 2006: 74%).

Distribution costs in Q1 2007 increased by approximately 40% to HK\$7.2 million principally due to higher shipment volume. Finance cost was up by 6% to HK\$3.8 million primarily on trust receipt loans drawn to fund our working capital. Pre-tax profit margins narrowed by 2.7% to around 7.4% as a result of fluctuation in the copper raw material price in Q1 2007.

Our financial position continued to be healthy. As at March 31, 2007, net current assets and current ratio were approximately HK\$687 million and 2.3 respectively. Current assets included cash of HK\$155 million, trade and other receivables and prepayment of HK\$603 million and inventories of HK\$460 million. The inventory increase in Q1 2007 was due to additional raw materials purchased to gear up for the second stage of Phase Two of the Lianzhou copper foil plant which commenced its pilot run in April 2007.

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 Full Year Financial Statement and Dividend Announcement made on February 27, 2007, the Directors expect the Group to remain profitable. The results for the reporting period are in line with the announcement 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.

With China's dominant business position remained unabated coupled with the hosting of the 2008 Olympic Games in Beijing, we expect our strong presence in the China market would allow the Group to ride on this business growth opportunity and further expand our market share due to our strategic proximity to our customers in China. We continue to focus on our core business strategies and strive to maintain our leadership position in the industry. In terms of capacity expansion, the Group is investing in the third stage of Phase Two of the Lianzhou copper foil plant which is expected to add monthly capacity of 300 tonnes upon completion. In addition, the Group will continue its relentless effort in making investment in the environmental protection and equip all of our plants with sewage and pollution retrieval systems.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable in the second financial quarter ending June 30, 2007.

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 March 31, 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)

	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 January 1, 2007 to March 31, 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)	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	HK\$	HK\$
Kingboard Laminates (MCO) Limited	2,333,000	417,137,000
Kingboard Laminates (Kunshan) Company Limited	–	62,197,000
Kingboard Laminates (Jiangmen) Company Limited	–	33,450,000
Kunshan Yattao Chemical Company Limited	–	84,813,000
Techwise (MCO) Circuits Limited	–	6,093,000
King Board (Panyu) Chemical Company Limited	–	124,000
Hengyang Kingboard Chemical Co. Ltd.	–	127,000
Shanghai Zhan Bo Marketing Co., Ltd.	–	1,098,000
Nanjing Elec & Eltek Electronic Company Limited	–	551,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	9,677,000
Guangzhou Elec & Eltek Microvia Technology Ltd.	–	1,277,000
Elec & Eltek Company (MCO) Limited	–	32,201,000
Elec & Eltek (Thailand) Limited	–	1,936,000
Pacific Insulating Material (Thailand) Limited	–	4,719,000
Shenzhen Pacific Insulating Material Company Limited	–	19,988,000
Kaiping Pacific Insulating Material Co., Ltd.	–	12,181,000
Kai Ping Elec & Eltek Company Limited	–	1,867,000
Kaiping Elec & Eltek No.2 Company Limited	–	1,958,000
Kaiping Elec & Eltek No.3 Company Limited	–	3,822,000
Total	<u>2,333,000</u>	<u>695,216,000</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.

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 Q1 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, 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, May 8, 2007

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