

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)

JOINT ANNOUNCEMENT

ANNOUNCEMENT RELATED TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY

KBCF announced its unaudited consolidated results for the three months ended June 30, 2007 on the Singapore Exchange Securities Trading Limited on August 14, 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 June 30, 2007 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on August 14, 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 30/6/2007**

**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
	June 30, 2007 HK\$'000	June 30, 2006 HK\$'000	
Revenue	859,013	603,735	42.28%
Cost of sales	(778,666)	(530,044)	46.91%
Gross profit	80,347	73,691	9.03%
Other operating income	5,763	4,848	18.87%
Distribution costs	(8,598)	(6,415)	34.03%
Administrative expenses	(12,275)	(10,713)	14.58%
Other operating expenses	(598)	(866)	-30.95%
Finance costs – interest expenses paid to non-related companies	(3,417)	(4,056)	-15.75%
Profit before tax	61,222	56,489	8.38%
Income tax expense	(5,257)	(4,787)	9.82%
Profit for the period	<u>55,965</u>	<u>51,702</u>	<u>8.25%</u>
Attributable to:			
Equity holders of the Company	<u>55,815</u>	<u>51,702</u>	<u>7.96%</u>
Minority interests	<u>150</u>	<u>–</u>	<u>N/A</u>

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

	Group 3 months ended		% Change
	June 30, 2007 HK\$'000	June 30, 2006 HK\$'000	
Other operating income including interest income	(5,763)	(4,848)	18.87%
Interest on bank borrowings	3,417	4,056	-15.75%
Depreciation of property, plant and equipment	41,489	30,693	35.17%
Release of prepaid land use rights	470	464	1.29%

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, 2007 HK\$'000	As at December 31, 2006 HK\$'000	As at June 30, 2007 HK\$'000	As at December 31, 2006 HK\$'000
ASSETS				
Current assets:				
Cash and bank balances	262,168	208,562	–	–
Trade and others receivables and prepayments	323,142	629,602	20,700	16,725
Derivative financial instruments	3,226	–	–	–
Prepaid land use rights (current)	825	825	–	–
Inventories	498,850	415,434	–	–
Total current assets	1,088,211	1,254,423	20,700	16,725
Non-current Assets:				
Subsidiaries	–	–	394,165	394,165
Due from a subsidiary	–	–	462,159	472,563
Property, plant and equipment	1,196,356	1,111,956	–	–
Goodwill	202	–	–	–
Prepaid land use rights (non-current)	37,562	36,728	–	–
Available-for-sale investments	9,000	9,000	9,000	9,000
Total non-current assets	1,243,120	1,157,684	865,324	875,728
Total assets	2,331,331	2,412,107	886,024	892,453
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	476	394
Derivative financial instruments	562	–	–	–
Bank borrowings	188,581	423,518	–	–
Trade payables	143,351	130,901	–	–
Income tax payable	42,708	36,930	–	–
Total current liabilities	375,202	591,349	476	394
Capital and reserves:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,376,143	1,260,558	325,348	331,859
Equity attributable to equity holders of the Company	1,936,343	1,820,758	885,548	892,059
Minority interests	19,786	–	–	–
Total liabilities and equity	2,331,331	2,412,107	886,024	892,453

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

Amount repayable in one year or less, or on demand

As at June 30, 2007

Secured HK\$'000	Unsecured HK\$'000
–	188,581

As at December 31, 2006

Secured HK\$'000	Unsecured HK\$'000
–	423,518

Amount repayable after one year

As at June 30, 2007

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

As at December 31, 2006

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, 2007	June 30, 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operations:		
Profit before tax	61,222	56,489
Adjustments for:		
Depreciation expense	41,489	30,693
Release of prepaid land use rights	470	464
Derivative financial instruments	(2,664)	(6,091)
Interest expense and finance charges	3,417	4,056
Interest income	(961)	(2,918)
Operating cash flow before working capital changes	<u>102,973</u>	<u>82,693</u>
Trade and other receivables and prepayments	279,541	31,328
Inventories	(38,306)	(97,487)
Trade payables	(3,200)	(24,813)
Cash generated from/(used in) operations	341,008	(8,279)
Income tax paid	(462)	(2,957)
Dividend paid	(28,900)	(21,675)
Interest paid	(3,417)	(4,056)
Interest received	961	2,918
Net cash generated from/(used in) operating activities	<u>309,190</u>	<u>(34,049)</u>
Cash flows from investing activities:		
Acquisition of a subsidiary	(20,247)	–
Prepaid land use rights made	–	(13,974)
Purchase of property, plant and equipment	(41,560)	(48,702)
Net cash used in investing activities	<u>(61,807)</u>	<u>(62,676)</u>
Cash flows from financing activities:		
(Decrease)/increase in bank borrowings	(160,215)	97,282
Net cash (used in)/generated from financing activities	<u>(160,215)</u>	<u>97,282</u>
Effects of consolidating foreign subsidiaries	<u>20,268</u>	<u>5,988</u>
Increase in cash and bank balances	107,436	6,545
Cash and bank balances at March 31	154,732	133,067
Cash and bank balances at June 30	<u>262,168</u>	<u>139,612</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 <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>	Acc- umulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Group									
Second quarter 2007 ("Q2 2007")									
Balance at March 31, 2007	560,200	296,573	6,275	28,900	93,913	902,946	1,888,807	-	1,888,807
Profit for Q2 2007	-	-	-	-	-	55,815	55,815	150	55,965
Exchange translation	-	-	-	-	20,621	-	20,621	-	20,621
Total recognised income and expenses for the period	-	-	-	-	20,621	55,815	76,436	150	76,586
Final dividend paid	-	-	-	(28,900)	-	-	(28,900)	-	(28,900)
Proposed dividend	-	-	-	18,785	-	(18,785)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	19,636	19,636
Balance at June 30, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,785</u>	<u>114,534</u>	<u>939,976</u>	<u>1,936,343</u>	<u>19,786</u>	<u>1,956,129</u>
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	-	1,601,406
Profit for Q2 2006	-	-	-	-	-	51,702	51,702	-	51,702
Exchange translation	-	-	-	-	5,988	-	5,988	-	5,988
Total recognised income and expenses for the period	-	-	-	-	5,988	51,702	57,690	-	57,690
Final dividend paid	-	-	-	(21,675)	-	-	(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>38,957</u>	<u>717,353</u>	<u>1,637,421</u>	<u>-</u>	<u>1,637,421</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 2007 ("Q2 2007")									
Balance at March 31, 2007	560,200	296,573	6,275	28,900	114	892,062			
Profit for Q2 2007	-	-	-	-	22,386	22,386			
Final dividend paid	-	-	-	(28,900)	-	(28,900)			
Proposed dividend	-	-	-	18,785	(18,785)	-			
Balance at June 30, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,785</u>	<u>3,715</u>	<u>885,548</u>			
Second quarter 2006 ("Q2 2006")									
Balance at March 31, 2006	560,200	296,573	6,275	21,675	107	884,830			
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>			

- 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, 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 Q2 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 Q2 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.**

	3 months from April 1, 2007 to June 30, 2007	3 months from April 1, 2006 to June 30, 2006
Based on the weighted average number of ordinary shares in issue	7.73 HK cents	7.16 HK cents
On a fully diluted basis	7.73 HK cents	7.16 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, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Net asset value per ordinary share based on issued share capital at the end of the period reported on	268.01 HK cents	252.01 HK cents	122.57 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 continued to deliver healthy earnings growth for the 3-month ended 30 June 2007 ("Q2 2007"). The Group's turnover amounted to approximately HK\$859 million, an increase of 42% against Q2 2006. Net profit attributable to shareholders was up by 8% to HK\$56 million. Other than gaining additional market share, the Group also benefited from its offer of a wider range of products and efficient cost structure which helped to mitigate the increase in raw material costs. The second stage of Phase Two of the Lianzhou copper foil plant commenced its pilot run in April 2007 and with this additional production capacity, the Group's sales volume grew by about 16% year-on-year.

Demand from multi-layer PCB customers and our affiliated companies of the parent group including Elec & Eltek group rebound healthily after a brief slow-down in Q1 2007 due to seasonal factor. Sales to external customers accounted for approximately 8% of the total sales (Q2 2006 : 11%). In terms of product mix, 18 microns thickness copper foil accounted for approximately 20% of the total sales (Q2 2006 : 27%) while 35 microns and above thickness copper foil accounted for 80% (Q2 2006 : 73%).

Distribution costs in Q2 2007 were approximately HK\$9 million, up 34% over Q2 2006, due to expanded business activities. Finance cost decreased by 16% to HK\$3.4 million on lower trust receipt loans in Q2 2007. Pre-tax profit margin reduced by 2.3% to 7.1%, a level similar to Q1 2007.

The Group's financial position remained healthy. As at June 30, 2007, net current assets and current ratio were approximately HK\$713 million and 2.9 respectively. The current assets included cash of HK\$262 million, trade and other receivables and prepayment of HK\$323 million, derivative financial instruments of HK\$3 million in relation to copper swap contracts entered by the Group in Q2 2007 and inventories of HK\$499 million. The increase in inventory in Q2 2007 was mainly due to higher unit price of copper and stockup of raw materials in light of anticipated 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 8, 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.

Looking ahead, the global economy is expected to be more eventful and challenging in the coming quarters. Oil and commodities prices continue to rally at the high level and this will inevitably affect our production costs. Nevertheless, we remain confident of our ability to improve production efficiency and pursue operational improvement. In the last few years, China has emerged as the world's major production centre for electronics products, thereby driving the growth of upstream component material demand such as our copper foil products. We believe that with our dominant market presence in China, we can serve our customers' specific needs better with our excellent quality, reliable service as well as timely delivery. The third stage of Phase Two of the Lianzhou copper foil plant with a designed monthly capacity of 300 tonnes is expected to be completed in Q3 2007. This will further strengthen our unrivaled position as the largest copper foil producer in China.

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? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend Rate	HK2.6 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	HK2.5 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	–	–
Total	<u>–</u>	<u>–</u>
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, 2007 to June 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	811,000	463,988,000
Kingboard Laminates (Kunshan) Company Limited	–	87,394,000
Kingboard Laminates (Jiangmen) Company Limited	–	44,531,000
Kunshan Yattao Chemical Company Limited	–	90,499,000
Techwise (MCO) Circuits Limited	–	5,105,000
King Board (Panyu) Chemical Company Limited	–	81,000
Hengyang Kingboard Chemical Co. Ltd.	–	132,000
Shanghai Zhan Bo Marketing Co., Ltd.	–	982,000
Nanjing Elec & Eltek Electronic Company Limited	–	372,000
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	8,992,000
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	1,362,000
Elec & Eltek (MCO) Limited	–	59,197,000
Kaiping Pacific Insulating Material Co., Ltd.	–	15,439,000
Kai Ping Elec & Eltek Company Limited	–	2,303,000
Kaiping Elec & Eltek No. 2 Company Limited	–	3,637,000
Kaiping Elec & Eltek No. 3 Company Limited	–	7,566,000
Total	<u>811,000</u>	<u>791,580,000</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 Q2 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, August 14, 2007