

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 March 31, 2008 on the Singapore Exchange Securities Trading Limited on May 13, 2008.

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, 2008 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on May 13, 2008. 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 74.77%-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
MARCH 31, 2008**

**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		
	March 31,	March 31,	%
	2008	2007	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	866,448	761,056	13.85%
Cost of sales	<u>(790,690)</u>	<u>(686,213)</u>	<u>15.23%</u>
Gross profit	75,758	74,843	1.22%
Other operating income	4,629	4,382	5.64%
Distribution costs	(8,089)	(7,158)	13.01%
Administrative expenses	(12,575)	(10,755)	16.92%
Other operating expenses	(2,334)	(885)	163.73%
Finance costs – interest expenses paid to non-related companies	<u>(3,562)</u>	<u>(3,849)</u>	<u>-7.46%</u>
Profit before tax	53,827	56,578	-4.86%
Income tax expense	<u>(4,307)</u>	<u>(4,502)</u>	<u>-4.33%</u>
Profit for the period	<u>49,520</u>	<u>52,076</u>	<u>-4.91%</u>
Attributable to:			
Equity holders of the Company	<u>49,550</u>	<u>52,076</u>	<u>-4.85%</u>
Minority interests	<u>(30)</u>	<u>–</u>	<u>N/A</u>

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

	Group		% Change
	3 months ended		
	March 31, 2008	March 31, 2007	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(4,629)	(4,382)	5.64%
Interest on bank borrowings	3,562	3,849	-7.46%
Depreciation of property, plant and equipment	45,577	34,985	30.28%
Amortisation of prepaid land use rights	232	206	12.62%

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, 2008	As at December 31, 2007	As at March 31, 2008	As at December 31, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Current assets:				
Cash and bank balances	210,287	237,356	–	–
Derivative financial instruments	1,599	368	–	–
Trade and other receivables and prepayments	727,416	705,597	14,881	14,881
Prepaid land use rights	995	958	–	–
Inventories	499,064	486,731	–	–
Total current assets	<u>1,439,361</u>	<u>1,431,010</u>	<u>14,881</u>	<u>14,881</u>
Non-current assets:				
Subsidiaries	–	–	393,775	393,775
Due from a subsidiary	–	–	865,267	865,259
Property, plant and equipment	1,220,879	1,184,286	–	–
Prepaid land use rights	43,161	42,045	–	–
Available-for-sale investments	19,800	19,800	19,800	19,800
Non-current deposits	52,624	54,613	–	–
Goodwill	238	238	–	–
Total non-current assets	<u>1,336,702</u>	<u>1,300,982</u>	<u>1,278,842</u>	<u>1,278,834</u>
Total assets	<u>2,776,063</u>	<u>2,731,992</u>	<u>1,293,723</u>	<u>1,293,715</u>

	Group		Company	
	As at March 31, 2008 HK\$'000	As at December 31, 2007 HK\$'000	As at March 31, 2008 HK\$'000	As at December 31, 2007 HK\$'000
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	639	639
Bank borrowings	304,527	338,903	–	–
Derivative financial instruments	528	–	–	–
Trade payables	138,889	164,474	–	–
Income tax payable	50,454	55,419	–	–
Total current liabilities	494,398	558,796	639	639
Capital and reserves and minority interests:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,698,830	1,591,164	732,884	732,876
Equity attributable to equity holders of the Company	2,259,030	2,151,364	1,293,084	1,293,076
Minority interests	22,635	21,832	–	–
Total equity	2,281,665	2,173,196	1,293,084	1,293,076
Total liabilities and equity	<u>2,776,063</u>	<u>2,731,992</u>	<u>1,293,723</u>	<u>1,293,715</u>

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

Amount repayable in one year or less, or on demand

As at March 31, 2008		As at December 31, 2007	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
–	304,527	–	338,903

Amount repayable after one year

As at March 31, 2008		As at December 31, 2007	
Secured HK\$'000	Unsecured HK\$'000	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	
	March 31, 2008	March 31, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operations:		
Profit before tax	53,827	56,578
Adjustments for:		
Depreciation of property, plant and equipment	45,577	34,985
Amortisation of prepaid land use rights	232	206
Gain on derivative financial instruments	(1,073)	–
Interest expenses and finance charges	3,562	3,849
Interest income	(1,598)	(2,430)
	<hr/>	<hr/>
Operating cash flow before working capital changes	100,527	93,188
Trade and other receivables and prepayments	(21,819)	26,919
Inventories	(12,333)	(44,970)
Trade payables	(25,585)	14,896
	<hr/>	<hr/>
Cash generated from operations	40,790	90,033
Income tax paid	(9,272)	(4,262)
Interest paid	(3,562)	(3,849)
Interest received	1,598	2,430
	<hr/>	<hr/>
Net cash generated from operating activities	<u>29,554</u>	<u>84,352</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(36,347)	(62,443)
	<hr/>	<hr/>
Net cash used in investing activities	<u>(36,347)</u>	<u>(62,443)</u>
Cash flows from financing activities:		
Decrease in bank borrowings	(34,376)	(74,722)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(34,376)</u>	<u>(74,722)</u>
Effects of consolidating foreign subsidiaries:	14,100	(1,017)
	<hr/>	<hr/>
Decrease in cash and bank balances	(27,069)	(53,830)
Cash and bank balances at the beginning of the period	237,356	208,562
	<hr/>	<hr/>
Cash and bank balances at the end of the period	<u>210,287</u>	<u>154,732</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								Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Proposed dividend HK\$'000	Currency		Total HK\$'000	Minority interests HK\$'000	
					translation reserves HK\$'000	Accumulated profits HK\$'000			
Group									
First quarter 2008 ("Q1 2008")									
Balance at December 31, 2007	560,200	296,573	6,275	32,513	180,391	1,075,412	2,151,364	21,832	2,173,196
Profit for Q1 2008	-	-	-	-	-	49,550	49,550	(30)	49,520
Exchange translation	-	-	-	-	58,116	-	58,116	833	58,949
Total recognised income and expenses for the period	-	-	-	-	58,116	49,550	107,666	803	108,469
Balance at March 31, 2008	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>32,513</u>	<u>238,507</u>	<u>1,124,962</u>	<u>2,259,030</u>	<u>22,635</u>	<u>2,281,665</u>
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	-	1,820,758
Profit for Q1 2007	-	-	-	-	-	52,076	52,076	-	52,076
Exchange translation	-	-	-	-	15,973	-	15,973	-	15,973
Total recognised income and expenses for the period	-	-	-	-	15,973	52,076	68,049	-	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>	<u>-</u>	<u>1,888,807</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 2008 ("Q1 2008")						
Balance at December 31, 2007	560,200	296,573	6,275	32,513	397,515	1,293,076
Profit for Q1 2008	—	—	—	—	8	8
Balance at March 31, 2008	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>32,513</u>	<u>397,523</u>	<u>1,293,084</u>
First quarter 2007 ("Q1 2007")						
Balance at December 31, 2006	560,200	296,573	6,275	28,900	111	892,059
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>

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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, 2008.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Share Capital	As at March 31,2008 '000	As at December 31,2007 '000	As at March 31,2008 <i>HK\$'000</i>	As at December 31,2007 <i>HK\$'000</i>
Number of ordinary shares of US\$0.10 each				
Authorised	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,550,000</u>	<u>1,550,000</u>
Issued and fully paid	<u>722,500</u>	<u>722,500</u>	<u>560,200</u>	<u>560,200</u>

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 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.**

In the financial quarter ended 31 March 2008, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

- 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, 2008 to March 31, 2008	3 months from January 1, 2007 to March 31, 2007
Based on the weighted average number of ordinary shares in issue	6.86 HK cents	7.21 HK cents
On a fully diluted basis	6.86 HK cents	7.21 HK cents

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:

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

	Group		Company	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
Net asset value per ordinary share based on issued share capital at the end of the period reported on	312.67 HK cents	297.77 HK cents	178.97 HK cents	178.97 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 has continued to deliver another set of satisfactory results in the first quarter of 2008 ("Q1 2008") in spite of the fact that demand for copper foil products at the beginning of 2008 experienced brief softness due to seasonal effect of Chinese Lunar New Year. The Group's turnover in Q1 2008 rose 13.8 % against Q1 2007 to approximately HK\$866 million. However, net profit attributable to shareholders declined by 4.9% to HK\$50 million, owing to the temporary disruption of our production facilities in Lianzhou, Guangdong province for about one week caused by power shortage and logistic bottleneck during the unusual snowstorm in southern China provinces early this year. The affected operation has since then resumed full production.

Multi-layer PCB customers and our parent group affiliates including Elec & Eltek, posted a steady growth in business in Q1 2008, of which sales to external customers accounted for approximately 9% of the total sales (Q1 2007: 9%). In terms of product mix, 18-micron thickness copper foil accounted for approximately 30% of the total sales (Q1 2007: 25%) while 35-micron and above thickness copper foil accounted for 70% (Q1 2007: 75%).

Distribution costs in Q1 2008 increased by approximately 13 % to HK\$8.1 million in line with higher shipment volume made in Q1 2008. Finance cost decreased by 7 % to HK\$3.6 million primarily due to a lower level of bank borrowings. Pre-tax profit margins declined by 1.2% to around 6.2% as a result of production disruption at Lianzhou copper foil plant as mentioned hereinabove.

Our financial position remained healthy. As at March 31, 2008, net current assets and current ratio were approximately HK\$945 million and 2.91 respectively. Current assets included cash of HK\$210 million, trade receivables and other receivables and prepayment of HK\$727 million and inventories of HK\$499 million.

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 Announcement made on February 27, 2008, 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.

With an excellent growth track record, we are confident that the competitive advantages gained in the past will enable the Group to seize new opportunities and continue to invest for sustainable growth. Although the recent slow down in the US economy has posted a challenge to the entire manufacturing sector, we believe, in light of our financial strength and solid business fundamentals, the Group will continue to enhance shareholders' value and strive for further advancement to remain competitive. To meet the thriving demand of PCB in emerging markets including China, our capacity expansion plan in the copper foil plant in Lianzhou, Guangdong province is on track and is expected to bring our total monthly output to 5,500 tonnes, up 20% by end of 2008.

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 March 31, 2008.

**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 January 1, 2008 to March 31, 2008.

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\$'000	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) HK\$'000
Kingboard Laminates (MCO) Limited	1,282	611,108
Kingboard Laminates (Kunshan) Company Limited	–	31,089
Kingboard Laminates (Jiangmen) Company Limited	–	12,644
Kunshan Yattao Chemical Company Limited	–	37,189
Techwise (MCO) Circuits Limited	–	9,606
King Board (Panyu) Chemical Company Limited	–	73
Hengyang Kingboard Chemical Co. Ltd.	–	190
Shanghai Zhan Bo Marketing Co., Ltd.	–	1,038
Nanjing Elec & Eltek Electronic Company Limited	–	332
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	12,214
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	1,499
Elec & Eltek (MCO) Limited	–	43,751
Shenzhen Pacific Insulating Material Co., Ltd.	–	11,869
Kaiping Pacific Insulating Material Co., Ltd.	–	8,199
Kai Ping Elec & Eltek Company Limited	–	1,736
Kaiping Elec & Eltek No. 2 Company Limited	–	3,625
Kaiping Elec & Eltek No. 3 Company Limited	–	6,036
Total	<u>1,282</u>	<u>792,198</u>

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 Q1 2008 financial statements to be false or misleading in any material aspect.

On behalf of the board of directors
Kingboard Copper Foil Holdings Limited

Chan Wing Kwan
Managing Director

Cheung Kwok Ping
Director”

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 13, 2008

As at the date of this announcement, the board of directors (“Directors”) 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 Directors 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.