

# 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, 2008 on the Singapore Exchange Securities Trading Limited on July 31, 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 June 30, 2008 on the website of [www.sgx.com](http://www.sgx.com) of Singapore Exchange Securities Trading Limited on July 31, 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  
JUNE 30, 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.**

	<b>Group</b>		
	<b>3 months ended</b>		
	<b>June 30,</b>	<b>June 30,</b>	<b>%</b>
	<b>2008</b>	<b>2007</b>	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	991,582	859,013	15.43%
Cost of sales	(901,847)	(778,666)	15.82%
Gross profit	89,735	80,347	11.68%
Other operating income	3,102	5,763	-46.17%
Distribution costs	(9,625)	(8,598)	11.94%
Administrative expenses	(13,961)	(12,275)	13.74%
Other operating expenses	(1,540)	(598)	157.53%
Finance costs – interest expenses paid to non-related companies	(2,688)	(3,417)	-21.33%
Profit before tax	65,023	61,222	6.21%
Income tax expense	(5,173)	(5,257)	-1.60%
Profit for the period	<u>59,850</u>	<u>55,965</u>	<u>6.94%</u>
Attributable to:			
Equity holders of the Company	<u>59,597</u>	<u>55,815</u>	<u>6.78%</u>
Minority interests	<u>253</u>	<u>150</u>	<u>68.67%</u>

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

	<b>Group</b>		<b>% Change</b>
	<b>3 months ended</b>		
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(3,102)	(5,763)	-46.17%
Interest on bank borrowings	2,688	3,417	-21.33%
Depreciation of property, plant and equipment	48,387	41,489	16.63%
Amortisation of prepaid land use rights	471	470	0.21%

**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 June 30, 2008</b>	<b>As at December 31, 2007</b>	<b>As at June 30, 2008</b>	<b>As at December 31, 2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	203,666	237,356	–	–
Derivative financial instruments	4,718	368	–	–
Trade and other receivables and prepayments	653,988	705,597	14,881	14,881
Prepaid land use rights	1,021	958	–	–
Inventories	544,812	486,731	–	–
Total current assets	<u>1,408,205</u>	<u>1,431,010</u>	<u>14,881</u>	<u>14,881</u>
<b>Non-current assets:</b>				
Subsidiaries	–	–	393,775	393,775
Due from a subsidiary	–	–	865,349	865,259
Property, plant and equipment	1,337,821	1,184,286	–	–
Prepaid land use rights	44,020	42,045	–	–
Available-for-sale investments	19,800	19,800	19,800	19,800
Non-current deposits	45,080	54,613	–	–
Goodwill	238	238	–	–
Total non-current assets	<u>1,446,959</u>	<u>1,300,982</u>	<u>1,278,924</u>	<u>1,278,834</u>
<b>Total assets</b>	<b><u>2,855,164</u></b>	<b><u>2,731,992</u></b>	<b><u>1,293,805</u></b>	<b><u>1,293,715</u></b>

	<b>Group</b>		<b>Company</b>	
	<b>As at June 30, 2008 HK\$'000</b>	<b>As at December 31, 2007 HK\$'000</b>	<b>As at June 30, 2008 HK\$'000</b>	<b>As at December 31, 2007 HK\$'000</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Due to a subsidiary	–	–	728	639
Bank borrowings	317,064	338,903	–	–
Trade payables	144,296	164,474	–	–
Income tax payable	46,889	55,419	–	–
<b>Total current liabilities</b>	<b>508,249</b>	<b>558,796</b>	<b>728</b>	<b>639</b>
<b>Capital and reserves and minority interests:</b>				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,763,827	1,591,164	732,877	732,876
Equity attributable to equity holders of the Company	2,324,027	2,151,364	1,293,077	1,293,076
Minority interests	22,888	21,832	–	–
<b>Total equity</b>	<b>2,346,915</b>	<b>2,173,196</b>	<b>1,293,077</b>	<b>1,293,076</b>
<b>Total liabilities and equity</b>	<b><u>2,855,164</u></b>	<b><u>2,731,992</u></b>	<b><u>1,293,805</u></b>	<b><u>1,293,715</u></b>

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

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

<b>As at June 30, 2008</b>		<b>As at December 31, 2007</b>	
<b>Secured HK\$'000</b>	<b>Unsecured HK\$'000</b>	<b>Secured HK\$'000</b>	<b>Unsecured HK\$'000</b>
–	317,064	–	338,903

*Amount repayable after one year*

<b>As at June 30, 2008</b>		<b>As at December 31, 2007</b>	
<b>Secured HK\$'000</b>	<b>Unsecured HK\$'000</b>	<b>Secured HK\$'000</b>	<b>Unsecured HK\$'000</b>
–	–	–	–

**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>June 30, 2008</b>	<b>June 30, 2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operations:</b>		
Profit before tax	65,023	61,222
Adjustments for:		
Depreciation of property, plant and equipment	48,387	41,489
Amortisation of prepaid land use rights	471	470
Gain on derivative financial instruments	(3,645)	(2,664)
Interest expenses and finance charges	2,688	3,417
Interest income	(656)	(961)
	<hr/>	<hr/>
Operating cash flow before working capital changes	112,268	102,973
Trade and other receivables and prepayments	73,428	279,541
Inventories	(45,748)	(38,306)
Trade payables	5,407	(3,200)
	<hr/>	<hr/>
Cash generated from operations	145,355	341,008
Income tax paid	(8,738)	(462)
Dividend paid	(32,513)	(28,900)
Interest paid	(2,688)	(3,417)
Interest received	656	961
	<hr/>	<hr/>
Net cash generated from operating activities	<u>102,072</u>	<u>309,190</u>
<b>Cash flows from investing activities:</b>		
Acquisition of a subsidiary	–	(20,247)
Purchase of property, plant and equipment	(164,269)	(41,560)
	<hr/>	<hr/>
Net cash used in investing activities	<u>(164,269)</u>	<u>(61,807)</u>
<b>Cash flows from financing activities:</b>		
Increase/(Decrease) in bank borrowings	12,537	(160,215)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	<u>12,537</u>	<u>(160,215)</u>
<b>Effects of consolidating foreign subsidiaries:</b>		
	<hr/>	<hr/>
(Decrease)/Increase in cash and bank balances	(6,621)	107,436
Cash and bank balances at the beginning of the period	210,287	154,732
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<b>Cash and bank balances at the end of the period</b>	<u>203,666</u>	<u>262,168</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			
<b>Group</b>									
Second quarter 2008 ("Q2 2008")									
Balance at March 31, 2008	560,200	296,573	6,275	32,513	238,507	1,124,962	2,259,030	22,635	2,281,665
Profit for Q2 2008	-	-	-	-	-	59,597	59,597	253	59,850
Exchange translation	-	-	-	-	37,913	-	37,913	-	37,913
Total recognised income and expenses for the period	-	-	-	-	37,913	59,597	97,510	253	97,763
Final dividend paid	-	-	-	(32,513)	-	-	(32,513)	-	(32,513)
Proposed dividend	-	-	-	18,785	-	(18,785)	-	-	-
Balance at June 30, 2008	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>18,785</u>	<u>276,420</u>	<u>1,165,774</u>	<u>2,324,027</u>	<u>22,888</u>	<u>2,346,915</u>
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>



- 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 June 30, 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 January 1, 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 years.

- 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 April 1, 2008 to June 30, 2008</b>	<b>3 months from April 1, 2007 to June 30, 2007</b>
Based on the weighted average number of ordinary shares in issue	8.25 HK cents	7.73 HK cents
On a fully diluted basis	8.25 HK cents	7.73 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, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Net asset value per ordinary share based on issued share capital at the end of the period reported on	321.66 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.**

We are pleased to report to our shareholders that the Group finished the three-month period from April 2008 to June 2008 (Q2 2008) with healthy growth in both turnover and net profit attributable to shareholders. With the increasing recognition of our quality products in the copper foil market, the Group's turnover, on a three-month basis, posted 15% growth against Q2 2007 to a record high of HK\$992 million. Net profit attributable to shareholders was up 7% to HK\$60 million. Our sales volume has also registered satisfactory growth of 11% year-on-year.

The strong revenue growth was propelled by solid growth from our multi-layer PCB customers and our parent group affiliates including Elec & Eltek PCB division. Sales to external customers accounted for approximately 10% of the total sales (Q2 2007: 8%). In terms of product mix, 18-micron thickness copper foil accounted for approximately 33% of the total sales (Q2 2007: 20%) while 35-micron and above thickness copper foil accounted for 67% (Q2 2007: 80%).

Distribution costs in Q2 2008 were approximately HK\$10 million, up 12% over Q2 2007, due to the continued expanding business activities. Finance cost decreased by 21% to HK\$3 million primarily due to a lower level of bank borrowings. The bank borrowings were of short-term bank loans with floating interest rates, mainly used as working capital for the Group. Pre-tax profit margins maintained at 6.6% despite the adverse impact of increased material costs.

The Group's financial position remained strong. As at June 30, 2008, net current assets and current ratio were approximately HK\$900 million and 2.8 respectively. Current assets included cash of HK\$204 million, trade receivables and other receivables and prepayment of HK\$654 million and inventories of HK\$545 million. During the first half of 2008, we spent approximately HK\$190 million primarily for commissioning the Phase Three of the Lianzhou copper foil plant. As at June 30, 2008, no significant assets have been pledged.

**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 13, 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.**

The Group expects the overall business environment to remain highly competitive due to keen regional competition. To mitigate the adverse impact of rising material costs, the Group will continue its relentless effort to gain additional market share, expand product offerings to enhance our competitiveness and maintain an efficient cost structure. With the hosting of 2008 Olympic Games in China in August 2008, we expect our strong presence in China market would benefit the Group from riding on this growing business opportunity and we will grow our core business at a consistent and steady basis. Moving forward, our expansion plan remains on track and the first stage of our phase three expansion in Lianzhou copper foil plant would start trial production in late August, adding another 300 tonnes monthly capacity to our production capacity.

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	HK 2.6 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	HK 2.6 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)**

	<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 April 1, 2008 to June 30, 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) <i>HK\$'000</i>	Aggregate Value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) <i>HK\$'000</i>
Kingboard Laminates (MCO) Limited	366	661,452
Kingboard Laminates (Kunshan) Company Limited	–	58,374
Kingboard Laminates (Jiangmen) Company Limited	–	19,420
Kunshan Yattao Chemical Company Limited	–	55,725
Techwise (MCO) Circuits Limited	–	9,367
King Board (Panyu) Chemical Company Limited	–	157
Hengyang Kingboard Chemical Co. Ltd.	–	206
Shanghai Zhan Bo Marketing Co., Ltd.	–	1,269
Nanjing Elec & Eltek Electronic Company Limited	–	156
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	11,827
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	1,130
Elec & Eltek (MCO) Limited	–	42,260
Shenzhen Pacific Insulating Material Co., Ltd.	–	21,830
Kaiping Pacific Insulating Material Co., Ltd.	–	3,873
Kai Ping Elec & Eltek Company Limited	–	990
Kaiping Elec & Eltek No. 2 Company Limited	–	4,835
Kaiping Elec & Eltek No. 3 Company Limited	–	5,014
	<hr/>	<hr/>
Total	<u>366</u>	<u>897,885</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 Q2 2008 financial results to be false or misleading in all material aspects.

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, July 31, 2008

*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.*