

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 September 30, 2008 on the Singapore Exchange Securities Trading Limited on November 10, 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 September 30, 2008 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on November 10, 2008. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

KBCF is an indirect 62.45%-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
SEPTEMBER 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.

	Group		
	3 months ended		
	September 30,	September 30,	%
	2008	2007	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	938,576	953,233	-1.54%
Cost of sales	<u>(880,555)</u>	<u>(835,580)</u>	<u>5.38%</u>
Gross profit	58,021	117,653	-50.68%
Other operating income	3,707	6,674	-44.46%
Distribution costs	(7,893)	(7,958)	-0.82%
Administrative expenses	(13,011)	(13,044)	-0.25%
Other operating expenses	(2,105)	(2,004)	5.04%
Finance costs – interest expenses paid to non-related companies	<u>(4,680)</u>	<u>(5,953)</u>	<u>-21.38%</u>
Profit before tax	34,039	95,368	-64.31%
Income tax expense	<u>(2,791)</u>	<u>(7,516)</u>	<u>-62.87%</u>
Profit for the period	<u>31,248</u>	<u>87,852</u>	<u>-64.43%</u>
Attributable to:			
Equity holders of the Company	<u>31,146</u>	<u>87,450</u>	<u>-64.38%</u>
Minority interests	<u>102</u>	<u>402</u>	<u>-74.63%</u>

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

	Group		% Change
	3 months ended		
	September 30, 2008	September 30, 2007	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(3,707)	(6,674)	-44.46%
Interest on bank borrowings	4,680	5,953	-21.38%
Depreciation of property, plant and equipment	46,279	42,966	7.71%
Release of prepaid land use rights	303	645	-53.02%

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 September 30, 2008	As at December 31, 2007	As at September 30, 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	312,954	237,356	–	–
Derivative financial instruments	–	368	–	–
Trade and other receivables and prepayments	655,114	705,597	15,681	14,881
Prepaid land use rights	1,024	958	–	–
Inventories	515,255	486,731	–	–
Total current assets	<u>1,484,347</u>	<u>1,431,010</u>	<u>15,681</u>	<u>14,881</u>
Non-current assets:				
Subsidiaries	–	–	393,775	393,775
Due from a subsidiary	–	–	864,664	865,259
Property, plant and equipment	1,435,759	1,184,286	–	–
Prepaid land use rights	43,857	42,045	–	–
Available-for-sale investments	19,800	19,800	19,800	19,800
Non-current deposits	10,788	54,613	–	–
Goodwill	238	238	–	–
Total non-current assets	<u>1,510,442</u>	<u>1,300,982</u>	<u>1,278,239</u>	<u>1,278,834</u>
Total assets	<u>2,994,789</u>	<u>2,731,992</u>	<u>1,293,920</u>	<u>1,293,715</u>

	Group		Company	
	As at September 30, 2008 HK\$'000	As at December 31, 2007 HK\$'000	As at September 30, 2008 HK\$'000	As at December 31, 2007 HK\$'000
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	841	639
Bank borrowings	430,474	338,903	–	–
Trade payables	137,724	164,474	–	–
Income tax payable	46,922	55,419	–	–
Total current liabilities	615,120	558,796	841	639
Capital and reserves and minority interests:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	1,796,917	1,591,164	732,879	732,876
Equity attributable to equity holders of the Company	2,357,117	2,151,364	1,293,079	1,293,076
Minority interests	22,552	21,832	–	–
Total equity	2,379,669	2,173,196	1,293,079	1,293,076
Total liabilities and equity	2,994,789	2,731,992	1,293,920	1,293,715

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

Amount repayable in one year or less, or on demand

As at September 30, 2008		As at December 31, 2007	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
–	430,474	–	338,903

Amount repayable after one year

As at September 30, 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	
	September 30, 2008	September 30, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operations:		
Profit before tax	34,039	95,368
Adjustments for:		
Depreciation of property, plant and equipment	46,279	42,966
Amortisation of prepaid land use rights	303	645
Gain on derivative financial instruments	4,718	849
Interest expenses and finance charges	4,680	5,953
Interest income	<u>(3,669)</u>	<u>(1,337)</u>
Operating cash flow before working capital changes	86,350	144,444
Trade and other receivables and prepayments	(1,126)	(196,904)
Inventories	29,557	(40,465)
Trade payables	<u>(6,572)</u>	<u>(45,554)</u>
Cash generated from / (used in) operations	108,209	(138,479)
Income tax paid	(2,758)	(1,255)
Dividend paid	(18,785)	(18,785)
Interest paid	(4,680)	(5,953)
Interest received	<u>3,669</u>	<u>1,337</u>
Net cash generated from / (used in) operating activities	<u>85,655</u>	<u>(163,135)</u>
Cash flows from investing activities:		
Purchase of available-for-sale investments	–	(10,800)
Purchase of property, plant and equipment	<u>(110,065)</u>	<u>(35,293)</u>
Net cash used in investing activities	<u>(110,065)</u>	<u>(46,093)</u>
Cash flows from financing activities:		
Increase in bank borrowings	<u>113,410</u>	<u>160,711</u>
Net cash generated from financing activities	<u>113,410</u>	<u>160,711</u>
Effects of consolidating foreign subsidiaries	<u>20,288</u>	<u>8,480</u>
Increase / (Decrease) in cash and bank balances	109,288	(40,037)
Cash and bank balances at the beginning of the period	<u>203,666</u>	<u>262,168</u>
Cash and bank balances at the end of the period	<u>312,954</u>	<u>222,131</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 translation		Total HK\$'000	Minority interests HK\$'000	
					reserves HK\$'000	Accumulated profits HK\$'000			
Group									
Third quarter 2008 ("Q3 2008")									
Balance at June 30, 2008	560,200	296,573	6,275	18,785	276,420	1,165,774	2,324,027	22,888	2,346,915
Profit for Q3 2008	-	-	-	-	-	31,146	31,146	102	31,248
Exchange translation	-	-	-	-	20,729	-	20,729	-	20,729
Total recognised income and expenses for the period	-	-	-	-	20,729	31,146	51,875	102	51,977
Interim dividend paid	-	-	-	(18,785)	-	-	(18,785)	-	(18,785)
Dividend paid to minority shareholders of a subsidiary	-	-	-	-	-	-	-	(438)	(438)
Balance at September 30, 2008	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>297,149</u>	<u>1,196,920</u>	<u>2,357,117</u>	<u>22,552</u>	<u>2,379,669</u>
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>

	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						
Third quarter 2008 ("Q3 2008")						
Balance at June 30, 2008	560,200	296,573	6,275	18,785	411,244	1,293,077
Profit for Q3 2008	-	-	-	-	18,787	18,787
Interim dividend paid	-	-	-	(18,785)	-	(18,785)
Balance at September 30, 2008	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>430,031</u>	<u>1,293,079</u>
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)
Balance at September 30, 2007	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>-</u>	<u>28,903</u>	<u>891,951</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 September 30, 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 September 30, 2008 '000	As at December 31, 2007 '000	As at September 30, 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 September 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 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 July 1, 2008 to September 30, 2008	3 months from July 1, 2007 to September 30, 2007
Based on the weighted average number of ordinary shares in issue	4.31 HK cents	12.10 HK cents
On a fully diluted basis	4.31 HK cents	12.10 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	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
Net asset value per ordinary share based on issued share capital at the end of the period reported on	326.24 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 three months ended September 30, 2008 (Q3 2008) was a difficult quarter for the Group. Affected by the ongoing sub-prime mortgage crisis in the United States and the uncertain global economic environment, the Group experienced slower demand for our copper foil products in Q3 2008 against the same period last year as most of our customers scaled down their production plans in anticipation of weaker consumer demand. As a result, there was an approximate 5% decline on the Group's year-on-year sales volume.

The Group's turnover, on a three-month basis, dropped by 2% to HK\$939 million against Q3 2007. Net profit attributable to shareholders decreased by 64% to HK\$31 million. The decline in the net profit against the same period last year was largely attributed to the intense competition in the copper foil markets and lower utilization of our newly completed first stage of phase three expansion in Lianzhou copper foil plant which commenced trial production in late August 2008. Sales to external customers accounted for approximately 9% of the total sales (Q3 2007: 10%). In terms of product mix, 18-micron thickness copper foil accounted for approximately 28% of the total sales (Q3 2007: 28%) while 35-micron and above thickness copper foil accounted for 72% (Q3 2007: 72%).

Distribution costs in Q3 2008 were approximately HK\$8 million, down slightly 1% against Q3 2007. Administrative expenses decreased by 0.25% as a result of our cost control initiatives. Finance cost decreased by 21% to HK\$5 million in Q3 2008. The bank borrowings mainly consisted of short-term bank loans with floating interest rates to finance working capital requirement for the Group. Our effective tax rate remained similar at 8%.

Our consolidated financial and liquidity position continued to be healthy. As at September 30, 2008, net current assets and current ratio stood at approximately HK\$869 million and 2.4 respectively. Current assets included cash and bank balances of HK\$313 million, trade receivables and other receivables and prepayments of HK\$655 million and inventories of HK\$515 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 Second Quarter Financial Statement Announcement made on July 31, 2008, 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.

Looking forward, the global economy is expected to be affected by the ongoing credit crunch. Amidst a volatile economic landscape, order booking visibility for copper foil products is expected to be low for the fourth quarter. However, recent correction in commodity prices should help to facilitate our cost control initiatives. On the back of our unrivaled economy of scale and competitive cost structure, we are cautiously optimistic over the long term growth prospects for the Group. Persistent efforts would be made for product development to expand our product range including copper foil for batteries use to sharpen our competitive edge. Leveraging on our operational expertise with a team of devoted talents in China, we are confident that the Group is well positioned to seize any strategic opportunities which may arise.

Barring any further deterioration of the global economic situation and any other unforeseen circumstances, the Directors expect the Group to remain profitable in the fourth 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, 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	—	—
	<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, 2008 to September 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) 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	1,405	658,779
Kingboard Laminates (Kunshan) Company Limited	–	38,687
Kingboard Laminates (Jiangmen) Company Limited	–	15,131
Kunshan Yattao Chemical Company Limited	–	27,490
Techwise (MCO) Circuits Limited	–	5,517
King Board (Panyu) Chemical Company Limited	–	76
Hengyang Kingboard Chemical Co. Ltd.	–	124
Shanghai Zhan Bo Marketing Co., Ltd.	–	710
Nanjing Elec & Eltek Electronic Company Limited	–	729
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	12,989
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	1,483
Elec & Eltek (MCO) Limited	–	58,091
Shenzhen Pacific Insulating Material Co., Ltd.	–	23,766
Kai Ping Elec & Eltek Company Limited	–	3,928
Kaiping Elec & Eltek No. 2 Company Limited	–	1,611
Kaiping Elec & Eltek No. 3 Company Limited	–	7,260
Total	1,405	856,371

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 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, November 10, 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.