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KB
KINGBOARD CHEMICAL
HOLDING LIMITED

建昌化工集團*

*(Incorporated in the Cayman Islands
with limited liability)*

(股份代號 : 148)

KB
KINGBOARD LAMINATES
HOLDING LIMITED

建昌積層板控股有限公司

*(Incorporated in the Cayman Islands
with limited liability)*

(股份代號 : 1888)

JOIN ANNOUNCEMENT

**ANNOUNCEMENT RELATES TO THE UNAUDITED CONSOLIDATED
QUARTERLY RESULTS OF A SUBSIDIARY**

KBCF announced its unaudited consolidated results for the three months ended June 30, 2011 on the Singapore Exchange Securities Trading Limited on August 3, 2011.

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, 2011 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on August 3, 2011. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

KBCF is an indirect 64.57%-owned subsidiary of Kingboard Laminates Holdings Limited (“Kingboard Laminates”). In turn, Kingboard Laminates is a 66.42%-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.

* For identification purpose only

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	G _ , 3 _ _ _ _ _ J _ 30, 2011 HK\$'000		J _ 30, 2010 HK\$'000	% C _
Revenue	940,842		967,312	-2.74%
Cost of sales	(899,492)		(889,598)	1.11%
Gross profit	41,350		77,714	-46.79%
Other operating income	2,377		2,421	-1.82%
Distribution costs	(11,623)		(11,211)	3.67%
Administrative expenses	(15,380)		(13,825)	11.25%
Other operating expenses	(649)		(1,788)	-63.70%
Finance costs – interest expenses paid to non-related companies	(2,874)		(187)	1436.90%
Profit before tax	13,201		53,124	-75.15%
Income tax expense	(2,640)		(4,225)	-37.51%
Profit for the period	10,561		48,899	-78.40%
Attributable to:				
Owners of the Company	9,500		47,849	-80.15%
Non-controlling interests	1,061		1,050	1.05%

Profit for the period has been arrived at after (crediting) charging:

	Gain / (Loss)		
	31 Dec 2011	31 Dec 2010	%
	HK\$'000	HK\$'000	C
Other operating income including interest income	(2,377)	(2,421)	-1.82%
Gain on fair value changes from derivative financial instruments	—	(304)	-100.00%
Interest on bank borrowings	2,874	187	1436.90%
Depreciation of property, plant and equipment	44,965	47,523	-5.38%
Amortisation of prepaid land use rights	256	255	0.39%

	At the end of the year	At the end of the year	At the end of the year	At the end of the year
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	—	—	1,765	2,645
Bank borrowings	462,955	133,104	—	—
Bills payable	40,927	41,329	—	—
Trade and other payables	202,236	160,063	18	754
Derivative financial instruments	—	33,493	—	—
Income tax payable	13,871	19,126	38	38
Total current liabilities	719,989	387,115	1,821	3,437
Equity:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	2,155,007	2,064,886	719,596	727,032
Equity attributable to owners of the Company	2,715,207	2,625,086	1,279,796	1,287,232
Non-controlling interests	32,281	29,457	—	—
Total equity	2,747,488	2,654,543	1,279,796	1,287,232
Total	3,467,477	3,041,658	1,281,617	1,290,669

	31 March 2011 Jr 30, 2011 HK\$'000	31 March 2010 Jr 30, 2010 HK\$'000
Operating cash flow before movements in working capital	61,163	100,326
Trade and other receivables and prepayments	117,137	21,998
Bills receivable	(96,697)	17,732
Inventories	90,032	(32,979)
Trade and other payables	(15,446)	(5,494)
Bills payable	4,977	(14,317)
Cash generated from operations	161,166	87,266
Income tax paid	(9,861)	(10,582)
Dividend paid	(7,225)	(7,225)
Interest paid	(2,874)	(187)
Interest received	648	812
Net cash generated from operating activities	141,854	70,084
Investing activities:		
Interests in an associate	(30,000)	–
Purchase of property, plant and equipment	(9,580)	(17,126)
Net cash used in investing activities	(39,580)	(17,126)
Financing activities:		
New bank borrowings raised	462,955	196,846
Repayment of bank borrowings	(498,855)	(279,356)
Net cash used in financing activities	(35,900)	(82,510)
Net increase (decrease) in cash and bank balances	66,374	(29,552)
Cash and bank balances at the beginning of the period	294,201	394,346
Effects of exchange rate changes on cash and bank balances held in foreign currencies	(857)	713
Cash and bank balances at the end of the period	359,718	365,507

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$f \in \mathbb{Q}_p^*$

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Second quarter 2011 (“Q2 2011”)

Balance at April 1, 2011	560,200	296,573	6,275	7,225	386,584	1,429,150	2,686,007	30,819	2,716,826
Total comprehensive income for the period	—	—	—	—	26,925	9,500	36,425	1,462	37,887
Final dividend paid	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,225)</u>	<u>—</u>	<u>—</u>	<u>(7,225)</u>	<u>—</u>	<u>(7,225)</u>
Balance at June 30, 2011	560,200	296,573	6,275	—	413,509	1,438,650	2,715,207	32,281	2,747,488

Second quarter 2010 (“Q2 2010”)

Balance at April 1, 2010	560,200	296,573	6,275	7,225	301,526	1,257,290	2,429,089	25,177	2,454,266
Total comprehensive income									
for the period	—	—	—	—	14,621	47,849	62,470	1,252	63,722
Final dividend paid	—	—	—	(7,225)	—	—	(7,225)	—	(7,225)
Proposed interim dividend	—	—	—	7,225	—	(7,225)	—	—	—

There was no change in the Company's issued share capital for the 3 months' period ended June 30, 2011.

	A ₁ 3%	A ₂ 3%	A ₁ 3%	A ₂ 3%
Jr - 30, D	31,	Jr - 30, D	31,	
2011	2010	2011	2010	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	

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	722,500	722,500	560,200	560,200

Not applicable.

The figures have not been audited or reviewed by our auditors.

Not applicable.

4 The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements for the year ended December 31, 2010.

5 If the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements for the year ended December 31, 2010, the results would have been the same as those reported.

Not applicable.

6 The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements for the year ended December 31, 2010.

3	HK\$	f	3	HK\$	f
A	1, 2011		A	1, 2010	
		HK\$			HK\$
J	30, 2011		J	30, 2010	

Based on the weighted average number of ordinary shares in issue 1.31 HK cents 6.62 HK cents

On a fully diluted basis 1.31 HK cents 6.62 HK cents

7 Net asset value per ordinary share based on issued share capital at the end of the period reported on 375.81 HK cents 363.33 HK cents 177.13 HK cents 178.16 HK cents

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J	30, D 31,	J	30, D 31,
2011	2010	2011	2010

Net asset value per ordinary share based on issued share capital at the end of the period reported on 375.81 HK cents 363.33 HK cents 177.13 HK cents 178.16 HK cents

On behalf of the Board of Directors, I am pleased to present the financial results of Kingboard Copper Foil Holdings Limited (“the Company”) and its subsidiaries (together with the Company, “the Group”) for the second quarter of 2011 (“Q2 2011”). Supply chain disruption as a result of component shortage, which was one of the negative impacts by Japan earthquake in March 2011, has dampened the demand for copper foil products in Q2 2011. Shipment volume for copper foil products declined 16% against the second quarter of 2010 (“Q2 2010”). Despite rising raw copper spot price which surged by 30% in Q2 2011 against previous year, average selling price (“ASP”) for copper foil products increased 15% against Q2 2010 against a backdrop of weak market demand. As a result, turnover declined 3% to HK\$940.8 million. The Group experienced significant margin pressure in Q2 2011 driven by high raw material input cost, high operating cost in China, softer order momentum as well as lower capacity utilisation. Gross profit margin dropped to 4% in Q2 2011. Net profit reduced to HK\$9.5 million. As the Group faces uncertainties in the business outlook, no interim dividend will be declared for the current quarter.

Orders from laminate and printed circuit board (PCB) division of our parent group softened in Q2 2011. Meanwhile sales to external customers accounted for 14% of total sales (Q2 2010: 10%). In terms of product mix, 18-micron and below thickness copper foil accounted for 35% of the total sales (Q2 2010: 29%) while 35-micron and above thickness copper foil accounted for 65% (Q2 2010: 71%).

Our financial position continued to be solid. As at June 30 2011, net current assets and current ratio were approximately HK\$1,492.6 million and 3.1 respectively. Current assets mainly comprised cash and bank balances of HK\$359.7 million, trade and other receivables and prepayments of HK\$605.0 million, bills receivable of HK\$422.1 million and inventories were HK\$824.8 million. Near the quarter end, our interests in the unquoted equity interests in Linkfit Investments Holdings Limited, a private company incorporated in Samoa increased from 11.34% to 21.57%. Accordingly, this investment has been reclassified as interests in an associate at the quarter end. The unquoted equity shares were stated at fair value at the end of reporting period.

Distribution costs in Q2 2011 increased 4% to approximately HK\$11.6 million against Q2 2010 as a result of higher fuel cost. Administrative expenses surged by 11% to HK\$15.4 million driven by high operating and labour cost in the People Republic of China (the “PRC”). In Q2 2010, fellow subsidiaries (a group) parent group

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Not applicable.

Not applicable.

No dividend has been proposed or declared for the 3 months' period ended June 30, 2011.

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Not applicable.

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Not applicable.

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Not applicable.

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	L 2016 F, HK\$'000	P 2016 F, HK\$'000
Ordinary	—	—
Preference	—	—
Total	—	—

Not applicable.

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Aggregate value of interested person transactions entered from April 1, 2011 to June 30, 2011.

Name of the Company	Aggregate value of interested person transactions entered from April 1, 2011 to June 30, 2011	
	HK\$'000	HK\$'000
Chung Shun Laminates (MCO) Limited	297	468,112
Kingboard Laminates (Kunshan) Company Limited	—	98,865
Kingboard Laminates (Jiangmen) Company Limited	—	52,393
Kunshan Yattao Chemical Co. Ltd.	—	50,839
Techwise (MCO) Circuits Limited	—	11,671
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	—	10,671
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	—	772
Elec & Eltek (MCO) Limited	—	49,416
Shenzhen Pacific Insulating Material Co., Ltd.	—	53,952
Huizhou Chung Shun Chemical Co., Ltd.	—	1,739
Kaiping Pacific Insulating Material Co., Ltd.	—	3,254
Kai Ping Elec & Eltek Company Limited	—	3,946
Kaiping Elec & Eltek No. 3 Company Limited	—	6,910
Total	297	812,540

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.

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We, CHEUNG KWOK PING and LAM KA PO 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 2011 financial results to be false or misleading in all material aspects.

On behalf of the board of directors

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C _ _ _ K _ _ P _
Director

L _ K P _
Director"

BY ORDER OF THE BOARD

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