KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 148)

ANNOUNCEMENT
RESULTS OF A SUBSIDIARY

EEIC, a 70.58% owned subsidiary of Kingboard, announced its unaudited consolidated results for the second quarter and half-year ended 30 June 2007 on the Singapore Exchange Securities Trading Limited on 14 August 2007.

Pursuant to Rule 705 and Rule 920 (1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), Elec & Eltek International Company Limited ("EEIC" or "the Company"), a public company listed on the SGX and a 70.58% owned subsidiary of Kingboard Chemical Holdings Limited ("Kingboard"), announced its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the second quarter and half-year ended 30 June 2007 on the website of www.sgx.com of SGX on 14 August 2007. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is being released for information purpose only. The following is a reproduction of the results announcement of EEIC:

"**ELEC & ELTEK INTERNATIONAL COMPANY LIMITED**
(Incorporated in the Republic of Singapore)
(Company Registration Number 199300005H)

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Company had on 23 August 2006 changed its financial year end from 30 June to 31 December. With the release of the consolidated financial statements covering the 6-month transitional period from 1 July 2006 to 31 December 2006, the Company will be reporting its consolidated financial statements on a calendar year ("CY") basis with effect from CY2007.

(I) Income statement of the Group, comprising the Company and its subsidiary companies, for the second quarter ("**2QCY07**") and half year ("**1HCY07**") ended 30 June 2007 together with the comparative figures for the second quarter ("**2QCY06**") and half year ("**1HCY06**") ended 30 June 2006.

* *For identification purposes only*

US$'000	**2QCY07**	**2QCY06**	**% Change**	**1HCY07**	**1HCY06**	**% Change**
Sale of goods	131,790	115,351	14.3%	254,999	230,736	10.5%
Cost of sales	(111,597)	(87,816)	27.1%	(216,109)	(176,011)	22.8%
Gross profit	20,193	27,535	-26.7%	38,890	54,725	-28.9%
Gross profit margin	*15.3%*	*23.9%*		*15.3%*	*23.7%*	
Interest income	66	32	106.3%	116	81	43.2%
Distribution & selling costs	(4,280)	(4,103)	4.3%	(8,616)	(7,815)	10.2%
Administrative costs	(6,216)	(6,456)	-3.7%	(11,603)	(12,572)	-7.7%
Other operating expenses	(1,067)	(387)	175.7%	(1,526)	(674)	126.4%
Finance costs	(1,921)	(1,771)	8.5%	(3,774)	(3,257)	15.9%
Redundancy payment made to streamline the Group's manufacturing plants	–	–	n/m	–	(52)	n/m
Impairment of property, plant and equipment made to integrate manufacturing plants in Nanjing	–	–	n/m	–	(1,236)	n/m
Share of profits of an associate	265	261	1.5%	501	444	12.8%
Profit before taxation	7,040	15,111	-53.4%	13,988	29,644	-52.8%
Income tax expense	(375)	(1,577)	-76.2%	(710)	(3,513)	-79.8%
Profit for the financial period	6,665	13,534	-50.8%	13,278	26,131	-49.2%
Attributable to:						
Equity holders of the Company	6,818	12,964	-47.4%	13,431	25,220	-46.7%
Minority interests	(153)	570	n/m	(153)	911	n/m
	6,665	13,534	-50.8%	13,278	26,131	-49.2%

n/m – percentage not meaningful

(II) Income statement of the Group for 2QCY07 together with the comparative figures for the first quarter ended 31 March 2007 ("**1QCY07**").

US$'000	**2QCY07**	**1QCY07**	**% Change**
Sale of goods	131,790	123,209	7.0%
Cost of sales	(111,597)	(104,512)	6.8%
Gross profit	20,193	18,697	8.0%
Gross profit margin	*15.3%*	*15.2%*	
Interest income	66	50	32.0%
Distribution & selling costs	(4,280)	(4,336)	-1.3%
Administrative costs	(6,216)	(5,387)	15.4%
Other operating expenses	(1,067)	(459)	132.5%
Finance costs	(1,921)	(1,853)	3.7%
Share of profits of an associate	265	236	12.3%
Profit before taxation	7,040	6,948	1.3%
Income tax expense	(375)	(335)	11.9%
Profit for the financial period	6,665	6,613	0.8%
Attributable to:			
Equity holders of the Company	6,818	6,613	3.1%
Minority interests	(153)	–	n/m
	6,665	6,613	0.8%

(III) Notes to Income Statement:

US$'000	**2QCY07**	**2QCY06**	**% Change**	**1HCY07**	**1HCY06**	**% Change**
Depreciation and amortisation	11,555	9,603	20.3%	22,660	18,749	20.9%
Allowance for doubtful debts	455	90	n/m	691	231	199.1%
Allowance for inventory obsolescence	480	96	n/m	941	52	n/m
Loss on foreign exchange	527	166	n/m	838	330	153.9%
Loss on disposal of plant and equipment	494	108	n/m	591	110	n/m

n/m – percentage not meaningful

US$'000	**2QCY07**	**1QCY07**	**% Change**
Depreciation and amortisation	11,555	11,105	4.1%
Allowance for doubtful debts	455	236	92.8%
Allowance for inventory obsolescence	480	461	4.1%
Loss on foreign exchange	527	311	69.5%
Loss on disposal of plant and equipment	494	97	n/m

1. Gross profit

Gross profit and gross profit margin declined to 15.3% in 2QCY07 compared to 23.9% in 2QCY06 primarily because of continued trending up of copper foil and other precious metal. Other contributory factors to lower gross profit margin include moderate utilisation of a larger installed capacity.

2. Depreciation and amortisation

Depreciation and amortisation charges increased by 20.3% in 2QCY07 from a year ago as the Group acquired new capital equipment for upgrading of production capabilities and for line balancing.

3. Allowance for doubtful debts

Allowance for doubtful debts in 2QCY07 increased by US$0.37 million compared to 2QCY06 as new provision was made for overdue receivables being identified from time to time.

4. Allowance for inventory obsolescence

Allowance for inventory obsolescence increased by US$0.38 million to US$0.48 million in 2QCY07 for those raw materials and work-in-progress reached its product life cycle.

5. Interest income

Higher interest income in 2QCY07 was attributable to effective placement of the Group's surplus funds.

6. Distribution and selling costs

The increase in distribution and selling costs by 4.3% in 2QCY07 compared to 2QCY06 was primarily due to different shipping terms for the underlying shipments.

7. Administrative costs

Administrative costs decreased by 3.7% in 2QCY07 from 2QCY06 as a result of on-going expenses rationalisation.

8. Other operating expenses

Other operating expenses recorded a 175.7% increase to US$1.07 million in 2QCY07 from US$0.39 million in 2QCY06 primarily attributed by: (1) foreign exchange losses on weakening of US$ against the Group's other non-US denominated currencies; and (2) loss on deposition of redundant plant and equipment.

9. Finance costs

The increase in finance costs was due to higher borrowings drawn to fund the Group's working capital requirements.

10. Income tax expenses

The Group's overall effective tax rate decreased from 10.4% in 2QCY06 to 5.3% in 2QCY07. The lower year-on-year tax rate was as a result of income tax privileges on profits re-investments approved and received by the Group's Chinese subsidiaries.

11. Minority interests

The write back of minority interests in 2QCY07 compared to a charge in 2QCY06 was in respect of reversal of over-provision of profits sharing with minority shareholders made in the previous periods.

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		
US$'000	**30.6.2007**	**31.3.2007**	**31.12.2006**	**30.6.2007**	**31.3.2007**	**31.12.2006**
ASSETS						
Current assets						
Cash and bank balances	26,794	21,876	24,435	46	54	70
Trade receivables	133,855	133,451	140,504	–	–	–
Bills receivables	4,053	4,593	2,745	–	–	–
Other receivables	17,008	14,510	13,423	10	19	9
Amounts due from subsidiary companies	–	–	–	122,666	139,514	138,521

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

Amount repayable in one year or less, or on demand

As at 30.6.2007		As at 31.12.2006	
Secured *US$'000*	**Unsecured** *US$'000*	**Secured** *US$'000*	**Unsecured** *US$'000*
Nil	86,269	Nil	57,912

Amount repayable after one year

As at 30.6.2007		As at 31.12.2006	
Secured *US$'000*	**Unsecured** *US$'000*	**Secured** *US$'000*	**Unsecured** *US$'000*
Nil	65,153	Nil	93,015

Details of any collateral

Not applicable.

Notes on net borro(3mposcuron015)TJ/TT4 1 26m0.21 -2.33 TD0.027 Tc0.28Tw[(As)-74AsAsUS$'0ar

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

US$'000	**2QCY07**	**2QCY06**	**1HCY07**	**1HCY06**
Cash flow from operating activities:				
Profit before taxation	7,040	15,111	13,988	29,644
Adjustments for:				
Amortisation of intangible assets	1	1	2	2
Depreciation of property, plant and equipment	11,554	9,602	22,658	18,747
Interest expense	1,921	1,771	3,774	3,257
Loss on disposal of plant and equipment	494	108	591	110
Share-based payment expense	150	374	300	441
Allowance for doubtful debts	455	90	691	231
Allowance for inventory obsolescence	480	96	941	52
Interest income	(66)	(32)	(116)	(81)
Share of profits of an associate	(265)	(261)	(501)	(444)

US$'000	**2QCY07**	**2QCY06**	**1HCY07**	**1HCY06**
Cash flow from financing activities:				
Proceeds from bank borrowings	14,033	41,553	110,030	54,586
Repayment of bank borrowings	(10,855)	(25,998)	(112,017)	(32,997)
Proceeds from share issue pursuant to the exercise of share options	284	–	1,587	–
Share issue expense	–	(7)	–	(7)
Dividends paid by the Company	(19,760)	–	(19,760)	(14,307)
Dividends paid by subsidiaries to minority shareholders	(82)	(350)	(1,388)	(1,522)
Net cash (used in)/provided by financing activities	(16,380)	15,198	(21,548)	5,753
Net increase/(decrease) in cash and cash equivalents	2,901	(835)	(2,005)	(5,334)
Cash and cash equivalents at beginning of financial period	21,325	14,501	24,072	12,906
Effect of foreign exchange rate changes, net	(277)	170	1,882	6,264
Cash and cash equivalents at end of financial period	23,949	13,836	23,949	13,836

Cash and cash equivalents comprise the following breakdown:

US$'000	**2QCY07**	**2QCY06**	**1HCY07**	**1HCY06**
Cash and bank balances	26,794	19,923	26,794	19,923
Bank overdrafts – unsecured	(2,845)	(6,087)	(2,845)	(6,087)
	23,949	13,836	23,949	13,836

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes
vA

	Attributable to equity holders of the Company	
		Foreign

	Attributable to equity holders of the Company	
		Foreign

US$'000	Attributable to equity holders of the Company										
	Share capital	**Share premium**	**Capital reserve**	**Statutory reserve**	**Other reserve**	**Revenue reserve**	**Foreign currency translation reserve**	**Share option reserve**	**Total**	**Minority interests**	**Total equity**
6 months ended 30.6.2006											
Balance at 31.12.2005	89,535	7,522	2,597	1,930	–	197,226	(24,812)	393	274,391	14,335	288,726
Profit for the financial period	–	–	–	–	–	25,220	–	–	25,220	911	26,131
Foreign currency translation	–	–	–	–	–	–	7,838	–	7,838	132	7,970
Total recognised income for the financial period	–	–	–	–	–	25,220	7,838	–	33,058	1,043	34,101
Share issue expense	–	(7)	–	–	–	–	–	–	(7)	–	(7)
Transfer from share premium to share capital	7,515	(7,515)	–	–	–	–	–	–	–	–	–
Grant of share options to employees	–	–	–	–	–	–	–	441	441	–	441
Negative goodwill arising from acquisition of minority interests	–	–	–	–	–	797	–	–	797	(797)	–
Dividend paid in respect of											
– previous financial year	–	–	–	–	–	–	–	–	–	(1,522)	(1,522)
– current financial year	–	–	–	–	–	(14,307)	–	–	(14,307)	–	(14,307)
	7,515	(7,522)	–	–	–	(13,510)	–	441	(13,076)	(2,319)	(15,395)
Balance at 30.6.2006	97,050	–	2,597	1,930	–	208,936	(16,974)	834	294,373	13,059	307,432

US$'000	Share capital	Share premium	Revenue reserve	Share option reserve	Total share-holders' equity
Company					
3 months ended 30.6.2007					
Balance at 31.3.2007	98,372	–	60,579	671	159,622
Shares issued pursuant to the exercise of share options	284	–	–	–	284
Profit for the financial period	–	–	(224)	–	(224)
Grant of share options to employees	–	–	–	54	54
Dividend paid in respect of previous financial year	–	–	(19,760)	–	(19,760)
Balance at 30.6.2007	98,656	–	40,595	725	139,976
3 months ended 30.6.2006					
Balance at 31.3.2006	97,057	–	56,395	201	153,653
Share issue expense	–	(7)	–	–	(7)
Transfer from share premium to share capital	(7)	7	–	–	–
Profit for the financial period	–	–	13,022	–	13,022
Grant of share options to employees	–	–	–	201	201
Balance as 30.6.2006	97,050	–	69,417	402	166,869
6 months ended 30.6.2007					
Balance at 31.12.2006	97,069	–	61,053	612	158,734
Shares issued pursuant to the exercise of share options	1,587	–	–	–	1,587
Profit for the financial period	–	–	(698)	–	(698)
Grant of share options to employees	–	–	–	113	113
Dividend paid in respect of previous financial year	–	–	(19,760)	–	(19,760)
Balance at 30.6.2007	98,656	–	40,595	725	139,976
6 months ended 30.6.2006					
Balance at 31.12.2005	89,535	7,522	65,407	169	162,633
Share issue expense	–	(7)	–	–	(7)
Transfer from share premium to share capital	7,515	(7,515)	–	–	–
Profit for the financial period	–	–	18,317	–	18,317
Grant of share options to employees	–	–	–	233	233
Dividend paid in respect of current financial year	–	–	(14,307)	–	(14,307)
Balance as 30.6.2006	97,050	–	69,417	402	166,869

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue,**

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for 2QCY07 have not been audited or reviewed by the 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, and 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

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period comparnhe TJ0T*0.025

6. 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	
US$	**30.6.2007**	**31.12.2006**	**30.6.2007**	**31.12.2006**
Net asset value per ordinary share based on issued share capital at end of financial period	1.78	1.76	0.78	0.89

Net asset value per ordinary share was computed based on issued share capital of 178,854,462 and 179,635,062 ordinary shares as at 31 December 2006 and 30 June 2007, respectively.

7. 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 maintained a moderate utilisation rate across all of its manufacturing operations

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.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer books and the Register of Members will be closed from 5:00 p.m. 29 August 2007 to 30 August 2007, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd, of 3 Church Street #08-01 Samsung Hub, Singapore 049483, up to the close of business at 5:00 p.m. on 29 August 2007 will be registered to determine shareholders' entitlement to the one-tier tax exempt interim dividend.

All shareholders will receive their dividends in United States Dollars. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares as at 5:00 p.m. on 29 August 2007 will be entitled to the one-tier tax exempt interim dividend.

In respect of ordinary shares in the securities account with CDP, the one-tier tax exempt interim dividend will be paid by the Company to CDP which will distribute the dividend to the depositors of the securities accounts.

11. Interested Persons Transactions

Aggregate value o/ns

Name of Interested Person *US$'000*	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920) 1HCY07	 1HCY06	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S$100,000) 1HCY07	 1HCY06
Provision of goods and services				
Jiangmen Glory Faith PCB Co. Ltd.	2	–	1,277	3,828
Techwise (Macao Commercial Offshore) Circuits Limited	4	–	630	2,076
Techwise Circuits Co. Ltd.	–	–	104	319
Top Faith PCB Co. Ltd	1	–	–	–
Smark Foundate (H.K.) Ltd.	1	–	–	–
Topsearch Printed Circuits (H.K.) Ltd.	6	–	–	–
Elec & Eltek Display Technology Limited	22	–	–	25
E & E Magnetic Products Limited	8	–	–	10
	44	–	2,011	6,258

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

We, Chadwick Mok Cham Hung and Sammy Leung Tin Po, being two of the Directors of Elec & Eltek International Company Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of