KINGBOARD COPPER FOIL HOLDINGS LIMITED
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED MARCH 31, 2017

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, 2017 *HK$'000*	**March 31, 2016** *HK$'000*	**% Change**
Revenue	163,877	145,847	12.36%
Cost of sales	(145,317)	(131,862)	10.20%
Gross profit	18,560	13,985	32.71%
Other operating income	709	644	10.09%
Distribution costs	(4,287)	(3,834)	11.82%
Administrative expenses	(5,862)	(4,414)	32.80%
Share of losses of an associate	(1,793)	(2,195)	–18.31%
Profit before tax	7,327	4,186	75.04%
Income tax expense	(2,284)	(1,828)	24.95%
Profit for the period	5,043	2,358	113.87%
Profit for the period attributable to:			
Owners of the Company	4,429	1,585	179.43%
Non-controlling interests	614	773	–20.57%

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

	Group 3 Months ended		
	March 31, 2017 *HK$'000*	**March 31, 2016** *HK$'000*	**% Change**
Other operating income including interest income	(709)	(644)	10.09%
Depreciation of property, plant and equipment	23,581	26,424	–10.76%
Amortisation of prepaid land use rights	270	270	0.00%

1(b)(i) A statement of financial position (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, 2017 *HK$'000*	**As at December 31, 2016** *HK$'000*	**As at March 31, 2017** *HK$'000*	**As at December 31, 2016** *HK$'000*
ASSETS				
Current assets:				
Cash and bank balances	1,586,417	1,556,470	–	–
Trade and other receivables and prepayments	55,657	84,453	176	176
Bills receivable	57,442	27,138	–	–
Other current assets	650,820	645,931	–	–
Prepaid land use rights	1,011	1,003	–	–
Inventories	23,160	22,371	–	–
Total current assets	2,374,507	2,337,366	176	176

	Group		Company	
	As at March 31, 2017	As at December 31, 2016	As at March 31, 2017	As at December 31, 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets:				
Investment in subsidiaries	–	–	393,775	393,775
Investment in an associate	38,722	40,516	13,656	13,656
Due from a subsidiary	–	–	879,041	882,039
Investment property	5,726	5,683	–	–
Property, plant and equipment	343,524	360,478	–	–
Prepaid land use rights	34,719	34,709	–	–
Other non-current assets	–	–	–	–
Goodwill	238	238	–	–
Total non-current assets	422,929	441,624	1,286,472	1,289,470
Total assets	2,797,436	2,778,990	1,286,648	1,289,646
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	2,721	2,721
Bills payable	8,229	11,481	–	–
Trade and other payables	104,949	104,527	2,423	2,423
Income tax payable	8,233	8,366	38	38
Total current liabilities	121,411	124,374	5,182	5,182
Capital and reserves and non-controlling interests:				
Share capital	560,200	560,200	560,200	560,200
Reserves	2,089,583	2,068,980	721,266	724,264
Equity attributable to owners of the Company	2,649,783	2,629,180	1,281,466	1,284,464
Non-controlling interests	26,242	25,436	–	–
Total equity	2,676,025	2,654,616	1,281,466	1,284,464
Total liabilities and equity	2,797,436	2,778,990	1,286,648	1,289,646

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, 2017		As at December 31, 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
–	–	–	–

Amount repayable after one year

As at March 31, 2017		As at December 31, 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
–	–	–	–

Details of any collateral

Not applicable.

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

	3 Months ended	
	March 31, 2017	**March 31, 2016**
	HK$'000	*HK$'000*
Operating activities:		
Profit before tax	7,327	4,186
Adjustments for:		
Depreciation of property, plant and equipment	23,581	26,424
Amortisation of prepaid land use rights	270	270
Interest income	(489)	(471)
Share of losses of an associate	1,793	2,195
Operating cash flow before movements in working capital	32,482	32,604
Trade and other receivables and prepayments	20,132	(2,662)
Bills receivable	(22,937)	1,334
Inventories	(615)	3,171
Trade and other payables	(251)	(3,033)
Bills payable	(3,252)	3,712
Cash generated from operations	25,559	35,126
Income tax paid	(2,361)	(1,788)
Dividend paid to non-controlling interest of a subsidiary	–	(6,655)
Interest received	489	471
Net cash from operating activities	23,687	27,154
Investing activities:		
Purchase of property, plant and equipment	(785)	(13,449)
Net cash used in investing activities	(785)	(13,449)
Net increase in cash and bank balances	22,902	13,705
Cash and bank balances at the beginning of the period	1,556,470	1,446,024
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	7,045	(7,034)
Cash and bank balances at the end of the period	1,586,417	1,452,695

1(d) A statement of comprehensive income (for the issuer and the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 Months ended		Company 3 Months ended	
	March 31, 2017	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for period	5,043	2,358	(2,998)	(467)
Other comprehensive income (expense):				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation to foreign operations	16,366	(10,179)	–	–
Total comprehensive income (expense) for the period	21,409	(7,821)	(2,998)	(467)
Total comprehensive income (expense) attributable to:				
Owners of the Company	20,603	(8,453)	(2,998)	(467)
Non-controlling interests	806	632	–	–
	21,409	(7,821)	(2,998)	(467)

1(e)(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 owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserves** *HK$'000*	**Foreign currency translation reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	Total equity *HK$'000*
Group								
First Quarter 2017 ("Q1 2017")								
Balance at January 1, 2017	560,200	296,573	7,287	302,910	1,462,210	2,629,180	25,436	2,654,616
Total comprehensive income for the period								
Profit for the period	–	–	–	–	4,429	4,429	614	5,043
Other comprehensive income for the period	–	–	–	16,174	–	16,174	192	16,366
Total	–	–	–	16,174	4,429	20,603	806	21,409
Balance at March 31, 2017	560,200	296,573	7,287	319,084	1,466,639	2,649,783	26,242	2,676,025
First Quarter 2016 ("Q1 2016")								
Balance at January 1, 2016	560,200	296,573	7,287	412,787	1,461,149	2,737,996	32,943	2,770,939
Total comprehensive (expense) income for the period								
Profit for the period	–	–	–	–	1,585	1,585	773	2,358
Other comprehensive expense for the period	–	–	–	(10,038)	–	(10,038)	(141)	(10,179)
Total	–	–	–	(10,038)	1,585	(8,453)	632	(7,821)
Transactions with owners, recognised directly in equity								
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	(6,655)	(6,655)
Balance at March 31, 2016	560,200	296,573	7,287	402,749	1,462,734	2,729,543	26,920	2,756,463

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserves *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Company					
First Quarter 2017 ("Q1 2017")					
Balance at January 1, 2017	560,200	296,573	6,275	421,416	1,284,464
Total comprehensive expense for the period					
Loss for the period	–	–	–	(2,998)	(2,998)
Balance at March 31, 2017	560,200	296,573	6,275	418,418	1,281,466
First Quarter 2016 ("Q1 2016")					
Balance at January 1, 2016	560,200	296,573	6,275	420,770	1,283,818
Total comprehensive expense for the period					
Loss for the period	–	–	–	(467)	(467)
Balance at March 31, 2016	560,200	296,573	6,275	420,303	1,283,351

1(e)(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, 2017. The Company does not have any convertibles or treasury shares as at the end of the current financial period report on and as at the end of the corresponding period of the immediately preceding financial year.

1(e)(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, 2017 *'000*	As at December 31, 2016 *'000*	As at March 31, 2017 *HK$'000*	As at December 31, 2016 *HK$'000*
	Number of ordinary shares of US$0.10 each			
Authorised	2,000,000	2,000,000	1,550,000	1,550,000
Issued and fully paid	722,500	722,500	560,200	560,200

1(e)(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.

The same accounting policies and methods of computation have been applied in the financial statements as in the most recently audited annual financial statements as at 31 December 2016 except for the adoption of Financial Reporting Standards ("FRSs") which are relevant to the Group's operations and became effective for the financial years beginning on or after 1 January 2017.

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.

The adoption of the new and revised FRSs have no material effect on the Group's and Company's accounting policies.

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, 2017 to March 31, 2017	3 months from January 1, 2016 to March 31, 2016
Based on the weighted average number of ordinary shares in issue	0.61 HK cents	0.22 HK cents
On a fully diluted basis	0.61 HK cents	0.22 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	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on	366.75 HK cents	363.90 HK cents	177.37 HK cents	177.78 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.

On behalf of the Board of Directors, it is my pleasure to present the financial results of Kingboard Copper Foil Holdings Limited ("the Company") and its subsidiaries (together with the Company, "the Group") for the first quarter of 2017 ("Q1 2017"). Revenue for the current quarter comprised (i) the receipt of license fee of HK$30 million pursuant to the on-going licensing arrangement and (ii) the sale of polyvinyl butyral ("PVB") resin for HK$134 million, a basic raw

material for the production of PVB film which is used to produce reinforced glass for both automotive industry and buildings. The Group's turnover increased 12% to HK$164 million against the first quarter of 2016 ("Q1 2016") and net profit attributable to owners of the Company for Q1 2017 was HK$4.4 million. Gross profit margin were 9.6% in Q1 2016 and 11.3% in Q1 2017.

Distribution costs in Q1 2017 increased 12% to approximately HK$4.3 million, which is in line with the increase in turnover. Administrative expenses in Q1 2017 increased by 33% against Q1 2016. The increase represents the professional fees occurred in relation to the voluntary unconditional cash offer rolled out in March 2017.

Our financial position continued to be sound. As at March 31, 2017, net current assets and current ratio were approximately HK$2,253 million and 19.6 respectively. Current assets mainly comprised cash and bank balances of HK$1,586 million, trade and other receivables and prepayments of HK$56 million, bills receivables of HK$57 million, other current assets of HK$651 million and inventories of HK$23 million. As at the end of Q1 2017, the Company's interest in Linkfit Investment Holdings Limited ("Linkfit"), a private company incorporated in Samoa, was 29.67%. The unquoted equity shares were stated at costs less accumulated impairment losses at the end of the reporting period.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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.

Licensing Arrangement

At the Annual General Meeting of the Company held on April 29, 2011, the shareholders of the Company did not approve the renewal of the mandate ("Shareholders' Mandate") to enable the Group to enter into interested person transactions with Kingboard Chemical Holdings Limited ("Kingboard Chemical") and its associates (together, the "Interested Persons"). The Company has entered into a licensing agreement, as amended by the letter of extension and amendments dated 30 August 2013, to license the properties, inventory and machinery that were previously used for the production of copper foil with effect from 1 September 2011 to 31 August 2015 to Harvest Resource Management Limited, an independent third party, in order to ensure that a steady stream of license fee is received by the Group. The licensing agreement is renewed for the term of further two years to end of August 2017. The Group will, in compliance with the Listing Manual, make relevant disclosures as and when appropriate.

PVB Business

The economic growth rate in the People's Republic of China (the "PRC") is continued to maintain at a low level, while the prices of commodities, like crude oil and copper, showed a slow rebound. The first tier and second tier cities in the PRC have imposed restriction orders on residential units, which has affected the real estate industry and hence the construction industry. In this regard, PVB business has also been affected. However, the Group has successfully ventured into India, one of the emerging market with great opportunities and potential in the PVB market. Sales to India accounted for approximately 7% of PVB sales for Q1 2017. The Group will continue to improve the production efficiency, reducing the defect rate, lowering the production costs and shortening the lead time so that to deliver greater returns to the shareholders.

Litigation in Bermuda

On August 3, 2011, a petition was filed in the Supreme Court of Bermuda (the "Court") by Annuity & Re Life Limited naming, amongst others, the Company and its majority shareholders as respondents. The trial of the petition took place in September 2015. The Company takes a neutral stance in these proceedings. The Court handed down its judgement on November 10, 2015. The Court found that the allegation that the terms of the pervious interested person transaction sales constituted preferential transfer pricing which was prejudicial to minority shareholders were not proved; and the allegation that the terms of license agreement were wholly uncommercial and/or the license was a sham were also not proved. However, the Court also ruled that the Company's management should promptly initiate bona fide open negotiations in which commercially reasonable proposals were openly tabled with a view to persuading the non-controlling shareholders to approve the interest person transactions mandate on even marginally more favourable terms. Following the judgement, the majority shareholders respondents of the Company filed a notice of appeal on December 23, 2015 relating to the unfavourable ruling of the judgement. The appeal hearing had taken place on 6 to 7 March 2017. A written judgement in respect of the appeal had been issued on March 24, 2017, which is in favour to the majority shareholders. Annuity & Re Life Limited then filed a notice of motion for leave to appeal to the Privy Council on April 13, 2017. The Company will make further announcement as and when necessary to keep shareholders informed of material developments in this matter.

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 final dividend has been proposed or declared for the period ended March 31, 2017.

13 Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company confirmed that it has procured the undertakings under Listing Rule 720(1) of the Listing Manual from all its directors and executive officers in the format set out in Appendix 7.7.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and half-year results)

14 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.

15 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.

16 A breakdown of sales.

Not applicable.

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

19 Interested Person Transactions – Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

The Company does not have any interested person transaction mandate or any interested person transaction required to be disclosed pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

Confirmation By the Board

We, LAM KA PO 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 the attention of the board of directors of the Company which may render the Q1 2017 financial results to be false or misleading in all maretial aspects.

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

Lam Ka Po	**Cheung Kwok Ping**
Director	*Director*

By Order of the Board

Cheung Kwok Ping
Director

May 5, 2017