

KINGBOARD COPPER FOIL HOLDINGS LIMITED
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD
ENDED MARCH 31, 2018

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,	March 31,	%
	2018	2017	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	154,047	163,877	-6.00%
Cost of sales	(135,715)	(145,317)	-6.61%
Gross profit	18,332	18,560	-1.23%
Other operating income	1,026	709	44.71%
Distribution costs	(3,950)	(4,287)	-7.86%
Administrative expenses	(5,901)	(5,862)	0.67%
Share of losses of an associate	(851)	(1,793)	-52.54%
Profit before tax	8,656	7,327	18.14%
Income tax expense	(2,350)	(2,284)	2.89%
Profit for the period	6,306	5,043	25.04%
Profit for the period attributable to:			
Owners of the Company	5,752	4,429	29.87%
Non-controlling interests	554	614	-9.77%

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

	Group 3 Months ended		
	March 31, 2018	March 31, 2017	% Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Other operating income including interest income	(1,026)	(709)	44.71%
Depreciation of property, plant and equipment	20,237	23,581	-14.18%
Amortisation of prepaid land use rights	276	270	2.22%

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, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Current assets:				
Cash and bank balances	1,729,652	1,691,732	–	–
Trade and other receivables and prepayments	63,449	78,331	166	166
Bills receivable	55,351	42,476	–	–
Prepaid land use rights	1,120	1,074	–	–
Inventories	26,073	24,273	–	–
Total current assets	1,875,645	1,837,886	166	166
Non-current assets:				
Investment in subsidiaries	–	–	393,775	393,775
Investment in an associate	35,719	36,571	12,326	12,326
Due from a subsidiary	–	–	883,872	884,038
Investment property	6,344	6,081	–	–
Property, plant and equipment	322,890	327,928	–	–
Prepaid land use rights	37,349	36,068	–	–
Other non-current assets	721,113	691,213	–	–
Goodwill	238	238	–	–
Total non-current assets	1,123,653	1,098,099	1,289,973	1,290,139
Total assets	2,999,298	2,935,985	1,290,139	1,290,305

	Group		Company	
	As at March 31, 2018 HK\$'000	As at December 31, 2017 HK\$'000	As at March 31, 2018 HK\$'000	As at December 31, 2017 HK\$'000
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	2,713	2,713
Bills payable	2,566	2,290	–	–
Trade and other payables	103,205	104,344	2,735	2,435
Income tax payable	9,037	9,619	38	38
	<u>114,808</u>	<u>116,253</u>	<u>5,486</u>	<u>5,186</u>
Total current liabilities				
Non-current liability:				
Deferred tax liabilities	4,793	4,793	–	–
	<u>4,793</u>	<u>4,793</u>	<u>–</u>	<u>–</u>
Total non-current liability				
Total liabilities	<u>119,601</u>	<u>121,046</u>	<u>5,486</u>	<u>5,186</u>
Capital and reserves and non-controlling interests:				
Share capital	560,200	560,200	560,200	560,200
Reserves	2,291,239	2,227,441	724,453	724,919
	<u>2,851,439</u>	<u>2,787,641</u>	<u>1,284,653</u>	<u>1,285,119</u>
Equity attributable to owners of the Company				
Non-controlling interests	28,258	27,298	–	–
	<u>2,879,697</u>	<u>2,814,939</u>	<u>1,284,653</u>	<u>1,285,119</u>
Total equity				
Total liabilities and equity	<u>2,999,298</u>	<u>2,935,985</u>	<u>1,290,139</u>	<u>1,290,305</u>

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, 2018		As at December 31, 2017	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
—	—	—	—

Amount repayable after one year

As at March 31, 2018		As at December 31, 2017	
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, 2018	March 31, 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities:		
Profit before tax	8,656	7,327
Adjustments for:		
Depreciation of property, plant and equipment	20,237	23,581
Amortisation of prepaid land use rights	276	270
Interest income	(499)	(489)
Share of losses of an associate	851	1,793
	<hr/>	<hr/>
Operating cash flow before movements in working capital	29,521	32,482
Trade and other receivables and prepayments	16,947	20,132
Bills receivable	(10,580)	(22,937)
Inventories	(719)	(615)
Trade and other payables	(3,758)	(251)
Bills payable	276	(3,252)
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Cash generated from operations	31,687	25,559
Income tax paid	(3,259)	(2,361)
Interest received	499	489
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Net cash from operating activities	28,927	23,687
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Investing activities:		
Purchase of property, plant and equipment	(1,914)	(785)
	<hr/>	<hr/>
Net cash used in investing activities	(1,914)	(785)
	<hr/>	<hr/>
Net increase in cash and bank balances	27,013	22,902
Cash and bank balances at the beginning of the period	1,691,732	1,556,470
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	10,907	7,045
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Cash and bank balances at the end of the period	1,729,652	1,586,417

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		Company	
	3 Months ended		3 Months ended	
	March 31,	March 31,	March 31,	March 31,
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for period	6,306	5,043	(466)	(2,998)
Other comprehensive income:				
<i>Items that may be reclassified</i>				
<i>subsequently to profit or loss:</i>				
Exchange difference arising				
on translation to foreign				
operations	58,452	16,366	–	–
Total comprehensive income				
(expense) for the period	64,758	21,409	(466)	(2,998)
Total comprehensive income				
(expense) attributable to:				
Owners of the Company	63,798	20,603	(466)	(2,998)
Non-controlling interests	960	806	–	–
	64,758	21,409	(466)	(2,998)

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							Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Foreign currency	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				translation reserves HK\$'000				
Group								
First Quarter 2018 ("Q1 2018")								
Balance at January 1, 2018	560,200	296,573	7,287	446,903	1,476,678	2,787,641	27,298	2,814,939
Total comprehensive income for the period								
Profit for the period	–	–	–	–	5,752	5,752	554	6,306
Other comprehensive income for the period	–	–	–	58,046	–	58,046	406	58,452
Total	–	–	–	58,046	5,752	63,798	960	64,758
Balance at March 31, 2018	560,200	296,573	7,287	504,949	1,482,430	2,851,439	28,258	2,879,697
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

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company					
First Quarter 2018 ("Q1 2018")					
Balance at January 1, 2018	560,200	296,573	6,275	422,071	1,285,119
Total comprehensive expense for the period					
Loss for the period	—	—	—	(466)	(466)
Balance at March 31, 2018	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>421,605</u>	<u>1,284,653</u>
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	<u>560,200</u>	<u>296,573</u>	<u>6,275</u>	<u>418,418</u>	<u>1,281,466</u>

- 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, 2018. 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.**

	As at March 31, 2018 '000	As at December 31, 2017 '000	As at March 31, 2018 HK\$'000	As at December 31, 2017 HK\$'000
Share capital				
	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(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 December 31, 2017 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 January 1, 2018.

- 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, 2018 to March 31, 2018	3 months from January 1, 2017 to March 31, 2017
Based on the weighted average number of ordinary shares in issue	0.80 HK cents	0.61 HK cents
On a fully diluted basis	0.80 HK cents	0.61 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, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Net asset value per ordinary share based on issued share capital at the end of the period reported on	394.66 HK cents	385.83 HK cents	177.81 HK cents	177.87 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 2018 ("Q1 2018"). Revenue for the current period 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\$124 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 decreased 6% to HK\$154 million against the first quarter of 2017 ("Q1 2017") and net profit attributable to owners of the Company for Q1 2018 was HK\$5.8 million. Gross profit margin were 11.3% in Q1 2017 and 11.9% in Q1 2018.

Distribution costs in Q1 2018 decreased 8% to approximately HK\$4.0 million, which is in line with the decrease in turnover. Administrative expenses are similar in both in Q1 2017 and Q1 2018, being HK\$5.9 million.

Our financial position continued to be sound. As at March 31, 2018, net current assets and current ratio were approximately HK\$1,761 million and 16.34 respectively. Current assets mainly comprised cash and bank balances of HK\$1,730 million, trade and other receivables and prepayments of HK\$63 million, bills receivables of HK\$55 million and inventories of HK\$26 million. As at the end of Q1 2018, 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 letters of extension and amendments dated August 30, 2013 and August 28, 2015, to license the properties, inventory and machinery that were previously used for the production of copper foil with effect from September 1, 2011 to August 31, 2017 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. On August 30, 2017, the licensing agreement is renewed for the term of further two years to end of August 2019. 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. 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

The Company has been advised by its majority shareholders that it has reached a settlement with Annuity & Re Life Limited ("Annuity", a minority shareholder of the Company) in respect of the petition filed by Annuity with the Supreme Court of Bermuda concerning the affairs of the Company on the grounds of oppressive or unfair prejudicial conduct on the part of the majority shareholders. As reported previously, Annuity obtained leave to appeal to the Privy Council on June 16, 2017. As a result of the settlement reached by the parties, the appeal to the Privy Council is to be withdrawn in due course.

As the Company is not a party to the proceedings, it has adopted a neutral position throughout.

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, 2018.

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 attention of the board of directors of the Company which may render the Q1 2018 financial results to be false or misleading in all aspects.

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

Lam Ka Po
Director

Cheung Kwok Ping
Director

By Order of the Board

Cheung Kwok Ping
Director

May 2, 2018