KINGBOARD COPPER FOIL HOLDINGS LIMITED
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED MARCH 31, 2016

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &Q3) HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of profit or loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 Months ended		
	March 31, 2016 *HK$'000*	**March 31, 2015** *HK$'000*	**% Change**
Revenue	145,847	164,470	-11.32%
Cost of sales	(131,862)	(145,286)	-9.24%
Gross profit	13,985	19,184	-27.10%
Other operating income	644	1,082	-40.48%
Distribution costs	(3,834)	(4,265)	-10.11%
Administrative expenses	(4,414)	(3,999)	10.38%
Finance costs	–	(62)	-100.00%
Share of losses of an associate	(2,195)	(2,848)	-22.93%
Profit before tax	4,186	9,092	-53.96%
Income tax expense	(1,828)	(2,398)	-23.77%
Profit for the period	2,358	6,694	-64.77%
Profit for the period attributable to:			
Owners of the Company	1,585	6,006	-73.61%
Non-controlling interests	773	688	12.35%

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

	Group 3 Months ended		
	March 31, 2016 *HK$'000*	**March 31, 2015** *HK$'000*	**% Change**
Other operating income including interest income	(644)	(1,082)	-40.48%
Depreciation of property, plant and equipment	26,424	35,235	-25.01%
Amortisation of prepaid land use rights	270	270	0.00%

1(b)(i) A statements 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, 2016 *HK$'000*	**As at December 31, 2015** *HK$'000*	**As at March 31, 2016** *HK$'000*	**As at December 31, 2015** *HK$'000*
ASSETS				
Current assets:				
Cash and bank balances	1,452,695	1,446,024	–	–
Trade and other receivables and prepayments	83,945	81,659	221	221
Bills receivable	34,931	36,338	–	–
Prepaid land use rights	1,073	1,070	–	–
Inventories	34,640	37,884	–	–
Total current assets	1,607,284	1,602,975	221	221

	Group		Company	
	As at March 31, 2016	As at December 31, 2015	As at March 31, 2016	As at December 31, 2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets:				
Investment in subsidiaries	–	–	393,775	393,775
Investment in an associate	49,904	52,099	17,560	17,560
Due from a subsidiary	–	–	877,985	878,452
Investment property	6,080	6,067	–	–
Property, plant and equipment	465,796	482,747	–	–
Prepaid land use rights	37,942	38,131	–	–
Other non-current assets	691,122	689,670	–	–
Goodwill	238	238	–	–
Total non-current assets	1,251,082	1,268,952	1,289,320	1,289,787
Total assets	2,858,366	2,871,927	1,289,541	1,290,008
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	2,721	2,721
Bills payable	5,977	2,265	–	–
Trade and other payables	88,455	91,306	3,431	3,431
Income tax payable	7,471	7,417	38	38
Total current liabilities	101,903	100,988	6,190	6,190
Capital and reserves and non-controlling interests:				
Share capital	560,200	560,200	560,200	560,200
Reserves	2,169,343	2,177,796	723,151	723,618
Equity attributable to owners of the Company	2,729,543	2,737,996	1,283,351	1,283,818
Non-controlling interests	26,920	32,943	–	–
Total equity	2,756,463	2,770,939	1,283,351	1,283,818
Total liabilities and equity	2,858,366	2,871,927	1,289,541	1,290,008

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, 2016		As at December 31, 2015	
Secured	**Unsecured**	**Secured**	**Unsecured**
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
–	–	–	–

Amount repayable after one year

As at March 31, 2016		As at December 31, 2015	
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, 2016	**March 31, 2015**
	HK$'000	*HK$'000*
Operating activities:		
Profit before tax	4,186	9,092
Adjustments for:		
Depreciation of property, plant and equipment	26,424	35,235
Amortisation of prepaid land use rights	270	270
Interest income	(471)	(466)
Interest expense	–	62
Share of losses of an associate	2,195	2,848

	3 Months ended	
	March 31, 2016	**March 31, 2015**
	HK$'000	*HK$'000*
Operating cash flow before movements in working capital	32,604	47,041
Trade and other receivables and prepayments	(2,662)	(62,991)
Bills receivable	1,334	2,242
Inventories	3,171	2,402
Trade and other payables	(3,033)	14,209
Bills payable	3,712	(2,115)
Cash generated from operations	35,126	788
Income tax paid	(1,788)	(2,844)
Dividend paid to non-controlling interest of a subsidiary	(6,655)	–
Interest received	471	466
Interest paid	–	(62)
Net cash from (used in) operating activities	27,154	(1,652)
Investing activities:		
Purchase of property, plant and equipment	(13,449)	(641)
Net cash used in investing activities	(13,449)	(641)
Financing activities:		
Repayment of bank borrowing	–	(6,338)
Net cash used in financing activities	–	(6,338)
Net increase (decrease) in cash and bank balances	13,705	(8,631)
Cash and bank balances at the beginning of the period	1,446,024	1,329,754
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	(7,034)	(3,908)
Cash and bank balances at the end of the period	1,452,695	1,317,215

1(d) **A statement of profit or loss and other 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, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for the period	2,358	6,694	(467)	(111)
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation to foreign operations	(10,179)	(9,411)	–	–
Total comprehensive expense for the period	(7,821)	(2,717)	(467)	(111)
Total comprehensive expense attributable to:				
Owners of the Company	(8,453)	(3,276)	(467)	(111)
Non-controlling interests	632	559	–	–
	(7,821)	(2,717)	(467)	(111)

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 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 interest 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
First quarter 2015 ("Q1 2015")								
Balance at January 1, 2015	560,200	296,573	7,287	534,258	1,458,308	2,856,626	31,359	2,887,985
Total comprehensive (expense) income for the period								
Profit for the period	–	–	–	–	6,006	6,006	688	6,694
Other comprehensive expense for the period	–	–	–	(9,282)	–	(9,282)	(129)	(9,411)
Total	–	–	–	(9,282)	6,006	(3,276)	559	(2,717)
Balance at March 31, 2015	560,200	296,573	7,287	524,976	1,464,314	2,853,350	31,918	2,885,268

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserves *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Company					
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
First quarter 2015 ("Q1 2015")					
Balance at January 1, 2015	560,200	296,573	6,275	420,164	1,283,212
Total comprehensive expense for the period					
Loss for the period	–	–	–	(111)	(111)
Balance at March 31, 2015	560,200	296,573	6,275	420,053	1,283,101

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, 2016. The Company does not have any convertibles or treasury shares as at the end of the current financial year 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, 2016 '000	As at December 31, 2015 '000	As at March 31, 2016 HK$'000	As at December 31, 2015 HK$'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 2015 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 2016.

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, 2016 to March 31, 2016	3 months from January 1, 2015 to March 31, 2015
Based on the weighted average number of ordinary shares in issue	0.22 HK cents	0.83 HK cents
On a fully diluted basis	0.22 HK cents	0.83 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, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Net asset value per ordinary share based on issued share capital at the end of the period reported on	377.79 HK cents	378.96 HK cents	177.63 HK cents	177.69 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 2016 ("Q1 2016"). 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$116 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 11% to HK$146 million against the first quarter of 2015 ("Q1 2015"). Net profit attributable to owners of the Company for the current quarter was HK$1.6 million. Gross profit margin decreased from 11.7% in Q1 2015 to 9.6% in Q1 2016. The decline in gross profit margin is due to the decrease of average selling price as a result of keen competition during the period.

Distribution costs in Q1 2016 decreased 10% to around HK$3.8 million which is in line with decrease of turnover. Finance costs in Q1 2015 was approximately HK$62,000 and was nil in Q1 2016. The bank borrowing raised by a PVB plant in the People's Republic of China ("PRC") in last year was fully repaid in February 2015.

Our financial position continued to be sound. As at March 31, 2016, net current assets and current ratio were approximately HK$1,505 million and 15.8 respectively. Current assets mainly comprised cash and bank balances of HK$1,453 million, trade and other receivables and prepayments of HK$84 million, bills receivables of HK$35 million and inventories of HK$35 million. As at end of Q1 2016, 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 fair value 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 arrangement, 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 Resources Management Limited, an independent third party, in order to ensure that a steady stream of license fee is received by the Group. The licensing arrangement 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 crude oil price has plunged sharply since second half of 2014 and the global economy experienced slow recovery. Global confidence was being undermined by weak commodity prices. In addition, the economy in the PRC is facing growing downward pressure. The real estate and construction industry in PRC were adversely affected, which in turn affected the PVB market. Due to the intense competition in the PVB market, both the average selling price and gross profit margin have been on downtrend since 2015. On the other hand, the tightening of the environmental requirements imposed by the relevant government authorities in PRC have resulted in significant increase in compliance costs for the current year and in the coming years. The PVB business is facing a number of challenges in the coming years, and the Board is seeking for means of mitigating the risks brought by the PVB business and the uncertainty in the global economic environment.

Litigation in Bermuda

On August 3, 2011, a petition was filed in Supreme Court of Bermuda (the "Court") by Annuity & Re Life Limited naming the Company and a number of its shareholders. 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 previous interested person transactions sales constituted preferential transfer pricing which was prejudicial to minority shareholders, were not proved. The allegation that the terms of the license agreement were wholly uncommercial and the licencee was a sham were also not proved. However, the Court 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 interested person transactions mandate on even marginally more favourable terms. The majority shareholders of the Company filed a notice of appeal on December 23, 2015 relating to the unfavourable ruling of the judgement. The appeal hearing will schedule to take place in March 2017. The Company will make further announcement as and when necessary to keep shareholders informed of material developments in this matter.

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?

(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 March 31, 2016.

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.

Not applicable.

17 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 to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

18 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 2016 financial results to be false or misleading in all material 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 4, 2016