KINGBOARD COPPER FOIL HOLDINGS LIMITED
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED MARCH 31, 2019

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, 2019 *HK$'000*	**March 31, 2018** *HK$'000*	**% Change**
Revenue	139,425	154,047	–9.49%
Cost of sales	(119,371)	(135,715)	–12.04%
Gross profit	20,054	18,332	9.39%
Other operating income	893	1,026	–12.96%
Distribution costs	(3,441)	(3,950)	–12.89%
Administrative expenses	(6,179)	(5,901)	4.71%
Share of losses of an associate	(1,486)	(851)	74.62%
Profit before tax	9,841	8,656	13.69%
Income tax expense	(3,121)	(2,350)	32.81%
Profit for the period	6,720	6,306	6.57%
Profit for the period attributable to:			
Owners of the Company	6,326	5,752	9.98%
Non-controlling interests	394	554	–28.88%

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

	Group 3 Months ended		
	March 31, 2019 *HK$'000*	**March 31, 2018** *HK$'000*	**% Change**
Other operating income including interest income	(893)	(1,026)	–12.96%
Depreciation of property, plant and equipment	16,410	20,237	–18.91%
Amortisation of prepaid land use rights	264	276	–4.35%

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, 2019 *HK$'000*	**As at December 31, 2018** *HK$'000*	**As at March 31, 2019** *HK$'000*	**As at December 31, 2018** *HK$'000*
ASSETS				
Current assets:				
Cash and bank balances	1,776,047	1,773,842	–	–
Trade and other receivables and prepayments	79,313	71,523	166	166
Bills receivable	44,112	31,245	–	–
Other current assets	673,582	659,429	–	–
Prepaid land use rights	1,046	1,024	–	–
Inventories	24,336	24,175	–	–
Total current assets	2,598,436	2,561,238	166	166

	Group		Company	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets:				
Investment in subsidiaries	–	–	393,775	393,775
Investment in an associate	28,600	30,086	10,140	10,140
Due from a subsidiary	–	–	890,438	890,811
Investment property	5,926	5,801	–	–
Property, plant and equipment	242,079	252,325	–	–
Prepaid land use rights	33,841	33,386	–	–
Goodwill	238	238	–	–
Total non-current assets	310,684	321,836	1,294,353	1,294,726
Total assets	2,909,120	2,883,074	1,294,519	1,294,892
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	2,713	2,713
Bills payable	776	2,160	–	–
Trade and other payables	80,455	90,432	3,215	3,059
Contract liabilities	5,201	5,751	–	–
Income tax payable	10,110	8,163	38	38
Total current liabilities	96,542	106,506	5,966	5,810
Non-current liability:				
Deferred tax liabilities	4,521	4,521	–	–
Total liabilities	101,063	111,027	5,966	5,810
Capital and reserves and non-controlling interests:				
Share capital	560,200	560,200	560,200	560,200
Reserves	2,224,261	2,187,282	728,353	728,882
Equity attributable to owners of the Company	2,784,461	2,747,482	1,288,553	1,289,082
Non-controlling interests	23,596	24,565	–	–
Total equity	2,808,057	2,772,047	1,288,553	1,289,082
Total liabilities and equity	2,909,120	2,883,074	1,294,519	1,294,892

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, 2019		As at December 31, 2018	
Secured	**Unsecured**	**Secured**	**Unsecured**
HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
–	–	–	–

Amount repayable after one year

As at March 31, 2019		As at December 31, 2018	
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, 2019	**March 31, 2018**
	HK$'000	*HK$'000*
Operating activities:		
Profit before tax	9,841	8,656
Adjustments for:		
Depreciation of property, plant and equipment	16,410	20,237
Amortisation of prepaid land use rights	264	276
Interest income	(720)	(499)
Share of losses of an associate	1,486	851

	3 Months ended	
	March 31, 2019	**March 31, 2018**
	HK$'000	*HK$'000*
Operating cash flow before movements in working capital	27,281	29,521
Trade and other receivables and prepayments	(6,306)	16,947
Bills receivable	(11,781)	(10,580)
Inventories	316	(719)
Trade and other payables	(10,697)	(4,581)
Contract liabilities	(677)	823
Bills payable	(1,384)	276
Cash (used in) generated from operations	(3,248)	31,687
Income tax paid	(1,321)	(3,259)
Interest received	720	499
Net cash (used in) from operating activities	(3,849)	28,927
Investing activities:		
Purchase of property, plant and equipment	(1,263)	(1,914)
Net cash used in investing activities	(1,263)	(1,914)
Net (decrease) increase in cash and bank balances	(5,112)	27,013
Cash and bank balances at the beginning of the period	1,773,842	1,691,732
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	7,317	10,907
Cash and bank balances at the end of the period	1,776,047	1,729,652

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, 2019	**March 31, 2018**	**March 31, 2019**	**March 31, 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for period	6,720	6,306	(529)	(466)
Other comprehensive income (expense):				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation to foreign operations	31,177	58,452	–	–
Total comprehensive income (expense) for the period	37,897	64,758	(529)	(466)
Total comprehensive income (expense) attributable to:				
Owners of the Company	36,979	63,798	(529)	(466)
Non-controlling interests	918	960	–	–
	37,897	64,758	(529)	(466)

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 2019 ("Q1 2019")								
Balance at January 1, 2019	560,200	296,573	7,287	381,134	1,502,288	2,747,482	24,565	2,772,047
Total comprehensive income for the period								
Profit for the period	–	–	–	–	6,326	6,326	394	6,720
Other comprehensive income for the period	–	–	–	30,653	–	30,653	524	31,177
Total	–	–	–	30,653	6,326	36,979	918	37,897
Transactions with owners, recognised directly in equity								
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	(1,887)	(1,887)
Balance at March 31, 2019	560,200	296,573	7,287	411,787	1,508,614	2,784,461	23,596	2,808,057
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

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserves *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Company					
First Quarter 2019 ("Q1 2019")					
Balance at January 1, 2019	560,200	296,573	6,275	426,034	1,289,082
Total comprehensive expense for the period					
Loss for the period	–	–	–	(529)	(529)
Balance at March 31, 2019	560,200	296,573	6,275	425,505	1,288,553
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	560,200	296,573	6,275	421,605	1,284,653

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, 2019. The Company does not have any convertibles or treasury shares 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.

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, 2019 '000	As at December 31, 2018 '000	As at March 31, 2019 HK$'000	As at December 31, 2018 HK$'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 2018 except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)s") which are relevant to the Group's operations and became effective for the financial years beginning on or after 1 January 2019.

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 SFRS(I)s 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, 2019 to March 31, 2019	3 months from January 1, 2018 to March 31, 2018
Based on the weighted average number of ordinary shares in issue	0.88 HK cents	0.80 HK cents
On a fully diluted basis	0.88 HK cents	0.80 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, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Net asset value per ordinary share based on issued share capital at the end of the period reported on	385.39 HK cents	380.27 HK cents	178.35 HK cents	178.42 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 2019 ("Q1 2019"). 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$109 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 9% to HK$139 million against the first quarter of 2018 ("Q1 2018") and net profit attributable to owners of the Company for Q1 2019 was HK$6.3 million. Gross profit margin were 11.9% in Q1 2018 and 14.4% in Q1 2019.

Distribution costs in Q1 2019 decreased 13% to approximately HK$3.4 million, which is in line with the decrease in turnover. Administrative expenses in Q1 2019 slightly increased 5% to approximate HK$6.2 million.

Our financial position continued to be sound. As at March 31, 2019, net current assets and current ratio were approximately HK$2,502 million and 26.9 respectively. Current assets mainly comprised cash and bank balances of HK$1,776 million, other current assets of HK$674 million, trade and other receivables and prepayments of HK$79 million, bills receivables of HK$44 million and inventories of HK$24 million. As at the end of Q1 2019, 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 Holdings Limited ("Kingboard Holdings") 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. Some sectors such as export weakened further as a result of the trade disputes between China and the United States. Moreover, 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.

Voluntary unconditional cash offer

On 4 April 2019, Excel First Investments Limited (the "Offeror") announced a voluntary unconditional cash offer ("Offer") for all the issued and paid-up ordinary shares of a par value of US$0.10 each ("Shares") in the capital of the Company, other than those which are owned, controlled or agreed to be acquired by the Offeror or by parties acting or deemed to be acting in concert with it, with a view to delist the Company from the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST"). As at the date of this announcement, the Company has submitted its delisting application and the Offeror has triggered, and intends to exercise its right of compulsory acquisition.

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 dividend has been proposed or declared for the period ended March 31, 2019.

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 2019 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	**Cheung Kwok Ping**
Director	*Director*

By Order of the Board

Cheung Kwok Ping
Director

May 22, 2019