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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	FY2017 <i>HK\$'million</i>	FY2016 <i>HK\$'million</i>	Change
Revenue	18,242.8	15,531.7	+17%
EBITDA*	5,259.4	3,230.6	+63%
Profit before tax*	4,613.1	2,503.3	+84%
Net profit attributable to owners of the Company			
– Underlying net profit*	3,735.0	1,947.2	+92%
– Reported net profit	3,764.5	4,346.6	-13%
Earnings per share			
– Based on underlying net profit*	HK121.6 cents	HK64.9 cents	+87%
– Based on reported net profit	HK122.5 cents	HK144.9 cents	-15%
Interim dividend per share	HK32.6 cents	HK13.5 cents	+141%
Proposed final dividend per share	HK52.6 cents	HK18.5 cents	+184%
Special interim dividend per share	–	HK50.0 cents	N/A
Proposed special final dividend per share	–	HK30.0 cents	N/A
Net asset value per share	HK\$5.67	HK\$4.80	+18%
Net cash	1,062.1	1,750.5	

* Excluding:

2017: Gain on fair value changes of investment properties of HK\$29.5 million.

2016: Gain on fair value changes of investment properties of HK\$7.1 million, gain on disposal of a subsidiary of HK\$2,121.2 million and income from relocation compensation of HK\$271.1 million.

The board of directors (the “Board”) of Kingboard Laminates Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	2	18,242,796	15,531,721
Cost of sales		<u>(12,906,842)</u>	<u>(12,068,803)</u>
Gross profit		5,335,954	3,462,918
Other income, gains and losses	4	77,643	298,708
Distribution costs		(330,397)	(313,422)
Administrative costs		(577,329)	(588,998)
Gain on disposal of available-for-sale investments		176,046	6,053
Gain on fair value changes of investment properties		29,505	7,101
Gain on disposal of a subsidiary		–	2,121,238
Finance costs	5	<u>(68,843)</u>	<u>(90,928)</u>
Profit before taxation		4,642,579	4,902,670
Income tax expense	7	<u>(870,328)</u>	<u>(550,762)</u>
Profit for the year		<u>3,772,251</u>	<u>4,351,908</u>
Profit for the year attributable to:			
Owners of the Company		3,764,540	4,346,561
Non-controlling interests		<u>7,711</u>	<u>5,347</u>
		<u>3,772,251</u>	<u>4,351,908</u>
Earnings per share	9		
– Basic		<u>HK\$1.225</u>	<u>HK\$1.449</u>
– Diluted		<u>N/A</u>	<u>HK\$1.449</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>3,772,251</u>	<u>4,351,908</u>
Other comprehensive income (expenses)		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	1,050,038	(886,870)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	<u>52,812</u>	<u>(16,707)</u>
Other comprehensive income (expenses) for the year (net of tax)	<u>1,102,850</u>	<u>(903,577)</u>
Total comprehensive income for the year	<u>4,875,101</u>	<u>3,448,331</u>
Total comprehensive income (expenses) for the year attributable to:		
Owners of the Company	4,860,769	3,483,965
Non-controlling interests	<u>14,332</u>	<u>(35,634)</u>
	<u>4,875,101</u>	<u>3,448,331</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,344,937	1,235,755
Properties, plant and equipment		4,830,663	4,117,744
Prepaid lease payments		426,457	387,967
Available-for-sale investments		2,506,043	2,290,068
Deposits paid for acquisition of properties, plant and equipment		137,868	16,144
Other non-current assets		691,213	–
Deferred tax assets		2,882	2,480
Goodwill		238	238
		<u>9,940,301</u>	<u>8,050,396</u>
Current assets			
Inventories		953,483	740,719
Trade and other receivables and prepayments	<i>10</i>	4,775,798	3,994,993
Bills receivables	<i>10</i>	3,150,609	2,721,444
Properties held for development		4,030,974	4,503,194
Available-for-sale investments		778,986	–
Other current assets		–	645,931
Prepaid lease payments		10,291	8,129
Amounts due from fellow subsidiaries		439,356	471,984
Taxation recoverable		7,185	9,145
Bank balances and cash		4,464,240	4,518,270
		<u>18,610,922</u>	<u>17,613,809</u>
Current liabilities			
Trade and other payables	<i>11</i>	2,732,847	2,581,122
Bills payables	<i>11</i>	460,016	135,785
Deposits received from pre-sale of residential units		3,372,565	4,336,411
Amounts due to fellow subsidiaries		46,276	44,907
Taxation payable		461,639	359,182
Bank borrowings – amount due within one year		402,110	1,572,172
		<u>7,475,453</u>	<u>9,029,579</u>
Net current assets		<u>11,135,469</u>	<u>8,584,230</u>
Total assets less current liabilities		<u>21,075,770</u>	<u>16,634,626</u>

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	88,836	91,896
Bank borrowings – amount due after one year	3,000,000	1,195,598
	<u>3,088,836</u>	<u>1,287,494</u>
	<u>17,986,934</u>	<u>15,347,132</u>
Capital and reserves		
Share capital	308,100	300,000
Reserves	17,161,859	14,107,373
	<u>17,469,959</u>	<u>14,407,373</u>
Equity attributable to owners of the Company	17,469,959	14,407,373
Non-controlling interests	516,975	939,759
	<u>17,986,934</u>	<u>15,347,132</u>
Total equity	<u>17,986,934</u>	<u>15,347,132</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to Hong Kong Accounting Standards (“HKAS”) 7	Disclosure initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

Except for amendments to HKAS 7 Disclosure Initiative, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. REVENUE

Revenue represents the amounts received and receivable by the Group from the sales of goods, provision of drilling services, sales of properties, income from property investment and licence fee income provided to outside customers, net of discounts, returns and sales related taxes. Analysis of revenue for the year is as follows:

	2017 <i>HK\$’000</i>	2016 <i>HK\$’000</i>
Sales of glass epoxy laminates	10,388,459	8,750,489
Sales of paper laminates	2,246,462	2,029,000
Sales of upstream materials	2,499,139	1,776,631
Sales of properties	1,664,468	1,661,913
Income from property investment	124,915	117,127
Others	1,319,353	1,196,561
	<u>18,242,796</u>	<u>15,531,721</u>

3. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (“CODM”) in order to allocate resources to segments and to assess their performance. Specifically, the Group’s operating and reportable segments under HKFRS 8 were organised into two main operating divisions – (i) manufacturing and sale of laminates and (ii) properties. No other operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (gain on disposal of available-for-sale investments, gain on disposal of a subsidiary, unallocated corporate income and expenses and finance costs).

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

Year ended 31 December 2017

	Laminates <i>HK\$’000</i>	Properties <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Segment revenue	<u>16,453,413</u>	<u>1,789,383</u>	<u>18,242,796</u>
Segment results	<u>4,050,585</u>	<u>456,185</u>	4,506,770
Gain on disposal of available-for-sale investments			176,046
Unallocated corporate income			140,564
Unallocated corporate expenses			(111,958)
Finance costs			<u>(68,843)</u>
Profit before taxation			<u>4,642,579</u>

Year ended 31 December 2016

	Laminates <i>HK\$’000</i>	Properties <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Segment revenue	<u>13,752,681</u>	<u>1,779,040</u>	<u>15,531,721</u>
Segment results	<u>2,421,646</u>	<u>271,858</u>	2,693,504
Gain on disposal of available-for-sale investments			6,053
Gain on disposal of a subsidiary			2,121,238
Unallocated corporate income			314,910
Unallocated corporate expenses			(142,107)
Finance costs			<u>(90,928)</u>
Profit before taxation			<u>4,902,670</u>

Other segment information

The Group operates principally in the People's Republic of China ("PRC") (country of domicile).

The following is an analysis of the Group's revenue from external customers by geographical location of the customers:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The PRC (country of domicile)	17,363,935	14,697,790
Other foreign countries:		
Other Asian countries	752,989	737,914
Europe	63,092	40,155
America	62,780	55,862
	<u>18,242,796</u>	<u>15,531,721</u>

Revenue from one of the Group's customers in laminates segment amounted to HK\$1,835,757,000 (2016: HK\$1,744,263,000), which individually accounted for over 10% of the Group's revenue for the year.

4. OTHER INCOME, GAINS AND LOSSES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other income, gains and losses includes:		
Dividend income from available-for-sale investments	5,620	15,317
Interest income from available-for-sale investments	89,536	29,031
Other interest income	22,579	18,706
Loss on disposal and write off of properties, plant and equipment	(38,911)	(31,133)
Others	(1,181)	(4,292)
Income from relocation compensation	–	271,079
	<u>77,643</u>	<u>298,708</u>

5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowings	73,636	95,436
Less: Amounts capitalised in the construction in progress	(4,793)	(4,508)
	<u>68,843</u>	<u>90,928</u>

The weighted average capitalisation rate on funds borrowed is 2.20% per annum (2016: 2.50% per annum).

6. DEPRECIATION

During the year, depreciation of approximately HK\$568.2 million (2016: HK\$628.0 million) was charged in respect of the Group's properties, plant and equipment.

7. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The amount comprises:		
PRC Enterprise Income Tax	808,909	512,372
PRC Land appreciation tax ("LAT")	56,605	33,258
Hong Kong Profits Tax	7,643	7,401
Taxation arising in other jurisdiction	633	2,398
Overprovision in previous years	–	(2,314)
	<u>873,790</u>	<u>553,115</u>
Deferred taxation		
Credit for the year	<u>(3,462)</u>	<u>(2,353)</u>
	<u><u>870,328</u></u>	<u><u>550,762</u></u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

8. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends paid		
2017 Interim dividend of HK32.6 cents (2016: HK13.5 cents) per ordinary share	1,004,406	405,000
2016 Final dividend of HK18.5 cents (2015: HK11.3 cents) per ordinary share	569,985	339,000
2016 Special interim dividend of HK50.0 cents (2017: nil) per ordinary share	–	1,500,000
2016 Special final dividend of HK30.0 cents (2015: nil) per ordinary share	924,300	–
	<u>2,498,691</u>	<u>2,244,000</u>
Dividends proposed		
Proposed 2017 Final dividend of HK52.6 cents (2016: HK18.5 cents) per ordinary share	1,620,606	566,100
Proposed 2016 Special final dividend of HK30.0 cents (2017: nil) per ordinary share	–	918,000
	<u>1,620,606</u>	<u>1,484,100</u>

The final dividend of HK52.6 cents per ordinary share amounted to HK\$1,620,606,000 in respect of the year ended 31 December 2017 (2016: final dividend of HK18.5 cents and special final dividend of HK\$30.0 cents per ordinary share amounted to HK\$566,100,000 and HK\$918,000,000 respectively in respect of the year ended 31 December 2016) have been proposed by the Directors and are subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>3,764,540</u>	<u>4,346,561</u>
	Number of shares	
	2017 <i>'000</i>	2016 <i>'000</i>
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,071,990</u>	<u>3,000,000</u>

No diluted earnings per share for 2017 was presented as there was no potential ordinary shares in issue for 2017. In 2016, the computation of diluted earnings per share did not assume the exercise of the Company's share options because the exercise price of these share options was higher than the average market price.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	4,034,814	3,281,141
Advance to suppliers	339,333	325,760
Interest income receivables	33,243	19,272
Prepaid expenses and deposits	241,533	247,625
Value-added tax (“VAT”) recoverable	86,810	61,997
LAT on pre-sale residential units (<i>Note</i>)	7,035	30,270
Other receivables	33,030	28,928
	<hr/>	<hr/>
	4,775,798	3,994,993
Bills receivables	3,150,609	2,721,444
	<hr/>	<hr/>
	7,926,407	6,716,437
	<hr/>	<hr/>

Note: The amount represents the provisional LAT prepaid to PRC tax authority based on the latest completion status of the development projects. The final assessment will be carried out upon sales of properties at the completion of development projects.

The Group allows credit periods of up to 120 days (2016: 120 days), depending on the products sold to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts based on invoice date at the end of the reporting period:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–90 days	3,010,539	2,398,254
91–180 days	968,249	828,563
Over 180 days	56,026	54,324
	<hr/>	<hr/>
	4,034,814	3,281,141
	<hr/>	<hr/>

Bills receivables of the Group are aged within 90 days (2016: 90 days) at the end of the reporting period.

11. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	1,081,601	803,311
Accrued expenses	367,892	343,146
Payables for acquisition of properties, plant and equipment	150,880	57,775
Receipts in advance	153,634	345,551
Other tax payables	675,426	681,210
VAT payables	240,026	283,080
Other payables	63,388	67,049
	<hr/>	<hr/>
	2,732,847	2,581,122
Bills payables (<i>Note</i>)	460,016	135,785
	<hr/>	<hr/>
	3,192,863	2,716,907

Note: Included in bills payables as at 31 December 2017 was payable for acquisition of properties, plant and equipment of HK\$117,918,000 (2016: nil).

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–90 days	935,237	663,081
91–180 days	114,424	109,828
Over 180 days	31,940	30,402
	<hr/>	<hr/>
	1,081,601	803,311

The average credit period on purchase of goods is 90 days (2016: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Bills payables of the Group are aged within 90 days (2016: 90 days) at the end of the reporting period.

BUSINESS REVIEW

On behalf of the Board of Directors, I am delighted to report to our shareholders that Kingboard Laminates Holdings Limited (the “Company”) and its subsidiaries (the “Group”) delivered outstanding results for the financial year ended 31 December 2017. Driven by the applications in automobile electronics, smart home appliances and light-emitting-diode (“LED”) products, overall demand for laminates remained robust in 2017. Prices of copper foil, glass yarn, epoxy resin and other upstream materials have surged, thereby driving laminates’ selling prices to increase consecutively. The Group commands a comprehensive and efficient vertical supply chain, enabling it to enjoy the benefits of price hikes of both laminates and upstream materials, thus helping to raise its profit margin.

In 2017, the Group recorded a 17% increase in revenue to HK\$18,242.8 million. Underlying net profit (excluding non-recurring items) rose significantly by 92% to HK\$3,735.0 million. In view of the Group’s healthy financial position, the Board has proposed a final dividend of HK52.6 cents per share, subject to shareholders’ approval. Together with the interim dividend of HK32.6 cents per share, it will constitute a total dividend of HK85.2 cents per share for full year with the dividend pay-out ratio increased to 70%.

Financial Highlights

	FY2017 <i>HK\$'million</i>	FY2016 <i>HK\$'million</i>	Change
Revenue	18,242.8	15,531.7	+17%
EBITDA*	5,259.4	3,230.6	+63%
Profit before tax*	4,613.1	2,503.3	+84%
Net profit attributable to owners of the Company			
– Underlying net profit*	3,735.0	1,947.2	+92%
– Reported net profit	3,764.5	4,346.6	-13%
Earnings per share			
– Based on underlying net profit*	HK121.6 cents	HK64.9 cents	+87%
– Based on reported net profit	HK122.5 cents	HK144.9 cents	-15%
Interim dividend per share	HK32.6 cents	HK13.5 cents	+141%
Proposed final dividend per share	HK52.6 cents	HK18.5 cents	+184%
Special interim dividend per share	–	HK50.0 cents	N/A
Proposed special final dividend per share	–	HK30.0 cents	N/A
Net asset value per share	HK\$5.67	HK\$4.80	+18%
Net cash	1,062.1	1,750.5	

* Excluding:

FY2017: Gain on fair value changes of investment properties of HK\$29.5 million.

FY2016: Gain on fair value changes of investment properties of HK\$7.1 million, gain on disposal of a subsidiary of HK\$2,121.2 million and income from relocation compensation of HK\$271.1 million.

PERFORMANCE

During 2017, prices of upstream materials and laminates rose to different extents owing to tight supply. Benefiting from the increase in the average selling price, the Group's gross profit margin was lifted to 29% from last year's 22%. Average monthly shipment volume was 10 million square metres. Among these, composite epoxy material laminates ("CEM") and glass epoxy laminates ("FR4") contributed an aggregate revenue of HK\$10,388.5 million, accounting for 57% of the Group's revenue. Paper laminates delivered a revenue of HK\$2,246.5 million, representing 12% of the total. Reflecting the partial booking of sales from Kunshan Development Zone Kingboard Yu Garden Phases 2-3, Huaqiao Kingboard Yu Garden Phase 4 and Jiangyin Kingboard Yu Garden during the year, the property division recorded a revenue of HK\$1,789.4 million, or 10% of the Group's revenue. The balance mainly comprised sales of upstream materials and other products.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 31 December 2017, net current assets and current ratio of the Group were approximately HK\$11,135.5 million (31 December 2016: HK\$8,584.2 million) and 2.49 (31 December 2016: 1.95) respectively.

The net working capital cycle decreased to 75 days as at 31 December 2017 from 80 days as at 31 December 2016, on the following key metrics:

- The stock turnover days was 27 days (31 December 2016: 22 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, was 90 days (31 December 2016: 88 days).
- Trade and bills payables (excluding bills payables to properties, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, was 42 days (31 December 2016: 30 days).

The Group's cash flow remained strong during the year, with net cash stood at HK\$1,062.1 million as at 31 December 2017 (31 December 2016: HK\$1,750.5 million). In 2017, the Group invested approximately HK\$800 million in new production capacity and HK\$700 million in its property business. Backed by a highly experienced professional management team, a sound business foundation and solid financial strength, management is confident that these investments will deliver stable and satisfactory returns to shareholders over the long term. The ratio of bank borrowings between short term and long term stood at 12%:88% (31 December 2016: 57%:43%). The Group maintains sufficient financial resources to meet its requirements for future market developments.

The Group continued to adopt a prudent financial management policy. The Group did not enter into any material types of derivative financial instrument, nor did the Group have any material foreign exchange exposure during the year. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of its operating expenses.

HUMAN RESOURCES

As at 31 December 2017, the Group maintained a workforce of approximately 9,900 (31 December 2016: 9,900). In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and individual employee performance.

PROSPECTS

The Group expects the demand for laminates to continue to expand in 2018. As the Group enters a new capacity expansionary cycle, management is confident in the prospects of the Group's business development. The glass yarn and fabric facilities completed by the end of last year have been commissioned in phases, helping the Group to resolve the bottleneck in laminates capacity expansion. Laminates production volume will therefore increase gradually. The planned new laminates and copper foil capacities are under construction and expected to commence operation consecutively during this year. These new facilities will help the Group meet high demand in the market.

Demand for laminates will grow further on the back of a strong electronics market and the activation of the supply chain for 5G telecommunication. It is expected that the supply of laminates and upstream materials will remain tight, driving ongoing steady price increases. The Group plans to increase capacity for high value-added products such as thin, high-frequency and high-speed, and halogen-free laminates in order to enhance its product portfolio. Thus, the performance of the average selling price of laminates of the Group will likely yield a better result than that of market average.

Sales of the residential projects in Kunshan, Jiangsu Province, moved ahead satisfactorily. Continued booking of property sales is anticipated for this year. The Group currently has no plan to increase its land bank, and as existing projects are near completion, construction expenses are expected to reduce substantially. Net cash inflow from the property business will increase significantly.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group in the past financial year.

FINAL DIVIDEND

The proposed final dividend of HK52.6 cents per share, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 28 May 2018 ("2018 AGM"), is to be payable on Thursday, 14 June 2018 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 6 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of the Members of the Company will be closed during the following periods:

- (i) From Wednesday, 23 May 2018 to Monday, 28 May 2018, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2018 AGM. In order to be eligible to attend and vote at the 2018 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 21 May 2018; and
- (ii) From Monday, 4 June 2018 to Wednesday, 6 June 2018, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 1 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principals of good corporate governance and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2017, save for the deviation from paragraph A.4.1 of the CG Code since the independent non-executive Directors are not appointed for a specific term. Notwithstanding the aforesaid deviation, all the Directors (including the independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association. As such, the Company considers that steps have been taken with a view to ensure that the Company's corporate governance practices are in line with the principles of the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, each Director has confirmed that he has complied with the required standard set out in the Model Code and the code of conduct regarding Director's securities transactions adopted by the Company throughout the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited annual financial statements of the Group for the year ended 31 December 2017.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By Order of the Board
Kingboard Laminates Holdings Limited
Cheung Kwok Wa
Chairman

Hong Kong, 23 March 2018

As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho, Liu Min and Zhou Pei Feng, being the executive Directors, Mr. Lo Ka Leong, being the non-executive Director, and Messrs, Leung Tai Chiu, Ip Shu Kwan, Stephen, Zhang Lu Fu and Lau Ping Cheung, Kaizer, being the independent non-executive Directors.