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# KB

## 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)**

### INTERIM RESULTS ANNOUNCEMENT

#### FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2017 HK\$'million	2016 HK\$'million	
<b>Revenue</b>	9,035.5	7,522.9	+20%
<b>EBITDA</b>	2,826.6	1,403.8	+101%
<b>Profit before tax</b>	2,505.7	1,030.3	+143%
<b>Net profit attributable to owners of the Company</b>	2,009.0	840.2	+139%
<b>Basic earnings per share</b>	HK65.2 cents	HK28.0 cents	+133%
<b>Interim dividend per share</b>	HK32.6 cents	HK13.5 cents	+141%
<b>Interim dividend payout ratio</b>	50%	48%	
<b>Special interim dividend per share</b>	–	HK50.0 cents	N/A
<b>Net asset value per share</b>	HK\$5.23	HK\$4.45	+18%
	Net cash 1,363.4	Net gearing 7%	

The board of directors (the “Board”) of Kingboard Laminates Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	9,035,509	7,522,873
Cost of sales		<u>(6,171,087)</u>	<u>(6,088,656)</u>
Gross profit		2,864,422	1,434,217
Other income, gains and losses	5	53,329	33,132
Distribution costs		(170,040)	(144,774)
Administrative costs		(308,632)	(250,189)
Gain on disposal of available-for-sale investments		98,011	5,136
Finance costs	6	<u>(31,376)</u>	<u>(47,214)</u>
Profit before taxation		2,505,714	1,030,308
Income tax expense	8	<u>(493,294)</u>	<u>(186,574)</u>
Profit for the period		<u>2,012,420</u>	<u>843,734</u>
Profit for the period attributable to:			
Owners of the Company		2,008,981	840,198
Non-controlling interests		<u>3,439</u>	<u>3,536</u>
		<u>2,012,420</u>	<u>843,734</u>
Earnings per share	10		
Basic		<u>HK\$0.652</u>	<u>HK\$0.280</u>
Diluted		<u>N/A</u>	<u>HK\$0.280</u>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>2,012,420</u>	<u>843,734</u>
Other comprehensive income (expenses) for the period:		
<i>Items that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	422,381	(351,461)
Goodwill reserve:		
Acquisition of interest in a subsidiary	<u>(263,140)</u>	<u>–</u>
	<u>159,241</u>	<u>(351,461)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	<u>61,229</u>	<u>12,990</u>
Other comprehensive income (expenses) for the period (net of tax)	<u>220,470</u>	<u>(338,471)</u>
Total comprehensive income for the period	<u>2,232,890</u>	<u>505,263</u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	2,657,726	522,766
Non-controlling interests	<u>(424,836)</u>	<u>(17,503)</u>
	<u>2,232,890</u>	<u>505,263</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		1,241,782	1,235,755
Properties, plant and equipment	<i>11</i>	4,462,741	4,117,744
Prepaid lease payments		411,748	387,967
Available-for-sale investments		1,884,363	2,290,068
Deposits paid for acquisition of properties, plant and equipment		189,751	16,144
Deferred tax assets		2,439	2,480
Goodwill		238	238
		<hr/> 8,193,062	<hr/> 8,050,396
Current assets			
Inventories		1,118,421	740,719
Trade and other receivables and prepayments	<i>12</i>	4,183,323	3,994,993
Bills receivables	<i>12</i>	2,779,433	2,721,444
Properties held for development		3,656,759	4,503,194
Other current assets		665,720	645,931
Prepaid lease payments		8,842	8,129
Amounts due from fellow subsidiaries		551,421	471,984
Taxation recoverable		7,181	9,145
Bank balances and cash		5,370,858	4,518,270
		<hr/> 18,341,958	<hr/> 17,613,809
Current liabilities			
Trade and other payables	<i>13</i>	2,217,169	2,581,122
Bills payables	<i>13</i>	201,303	135,785
Deposits received from pre-sale of residential units		2,941,314	4,336,411
Amounts due to fellow subsidiaries		43,627	44,907
Taxation payable		417,760	359,182
Bank borrowings – amount due within one year		437,500	1,572,172
		<hr/> 6,258,673	<hr/> 9,029,579
Net current assets		<hr/> 12,083,285	<hr/> 8,584,230
Total assets less current liabilities		<hr/> 20,276,347	<hr/> 16,634,626

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
Non-current liabilities		
Deferred tax liabilities	91,435	91,896
Bank borrowings – amount due after one year	<u>3,570,000</u>	<u>1,195,598</u>
	<u>3,661,435</u>	<u>1,287,494</u>
	<u>16,614,912</u>	<u>15,347,132</u>
Capital and reserves		
Share capital	308,100	300,000
Reserves	<u>15,792,454</u>	<u>14,107,373</u>
Equity attributable to owners of the Company	16,100,554	14,407,373
Non-controlling interests	<u>514,358</u>	<u>939,759</u>
Total equity	<u>16,614,912</u>	<u>15,347,132</u>

*Notes:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

**2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are mandatorily effective for the current interim period.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	Annual improvements HKFRSs 2014-2016 cycle

The application of the above new amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or the disclosures set out in these condensed consolidated financial statements.

**3. 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 period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Sales of glass epoxy laminates	4,859,647	3,819,223
Sales of paper laminates	926,600	919,635
Sales of upstream materials	921,987	682,449
Sales of properties	1,614,626	1,511,983
Income from property investment	57,227	55,144
Others	655,422	534,439
	<hr/>	<hr/>
	9,035,509	7,522,873
	<hr/>	<hr/>

Sales of laminates include glass epoxy laminates and paper laminates manufactured according to specifications required by customers. Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. Others comprise drilling services, which involve the drilling of holes into the laminates required by customers and sales of specialty resin and other materials and licence fee income. Sales of properties include sales of residential units. Income from property investment includes rental income from leasing of investment properties, income from hotel accommodation and income from food and beverage and other ancillary services of the hotel operation.

#### 4. 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 sales of laminates and (ii) properties. No 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, 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 segments:

<b>Six months ended 30 June 2017</b>	<b>Laminates</b> <i>HK\$'000</i> (Unaudited)	<b>Properties</b> <i>HK\$'000</i> (Unaudited)	<b>Consolidated</b> <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>7,363,656</u>	<u>1,671,853</u>	<u>9,035,509</u>
Segment results	<u>2,024,823</u>	<u>437,900</u>	<u>2,462,723</u>
Gain on disposal of available-for-sale investments			98,011
Unallocated corporate income			53,329
Unallocated corporate expenses			(76,973)
Finance costs			<u>(31,376)</u>
Profit before taxation			<u>2,505,714</u>

<b>Six months ended 30 June 2016</b>	<b>Laminates</b> <i>HK\$'000</i> (Unaudited)	<b>Properties</b> <i>HK\$'000</i> (Unaudited)	<b>Consolidated</b> <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>5,955,746</u>	<u>1,567,127</u>	<u>7,522,873</u>
Segment results	<u>885,886</u>	<u>212,835</u>	1,098,721
Gain on disposal of available-for-sale investments			5,136
Unallocated corporate income			18,721
Unallocated corporate expenses			(45,056)
Finance costs			<u>(47,214)</u>
Profit before taxation			<u>1,030,308</u>

For the six months ended 30 June 2017, revenue from one of the Group's customers amounted to HK\$941,606,000, which individually accounted for over 10% of the Group's revenue for the period. The corresponding revenue from that customer did not contribute over 10% of the total revenue of the Group for the six months ended 30 June 2016.

## 5. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income, gains and losses include:		
Dividend income from available-for-sale investments	251	8,024
Interest income from available-for-sale investments	38,747	10,516
Other interest income	<u>9,756</u>	<u>5,652</u>

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	36,140	49,410
Less: Amounts capitalised in the construction in progress	<u>(4,764)</u>	<u>(2,196)</u>
	<u>31,376</u>	<u>47,214</u>

The weighted average capitalisation rate on funds borrowed generally is 2.2% per annum (six months ended 30 June 2016: 2.2% per annum).

## 7. DEPRECIATION

During the period, depreciation of approximately HK\$284.1 million (six months ended 30 June 2016: HK\$321.7 million) was charged in respect of the Group's properties, plant and equipment.



## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The amount comprises:		
Hong Kong Profits Tax	1,850	750
Taxation arising in other jurisdiction	491,905	185,889
	493,755	186,639
Deferred taxation		
Credit for the period	(461)	(65)
	493,294	186,574

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

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.

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

## 9. DIVIDENDS

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2017 of HK32.6 cents (six month ended 30 June 2016: interim dividend HK13.5 cents and special interim dividend HK50 cents) per share respectively to the shareholders whose names appear on the register of members of the Company on Tuesday, 24 October 2017. The dividend warrants will be dispatched on or around Tuesday, 12 December 2017.

## 10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	2,008,981	840,198
	Number of shares	
	30 June 2017	30 June 2016
Number of ordinary shares for the purpose of calculating basic earnings per share	3,081,000,000	3,000,000,000

The computation of diluted earnings per share does 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 of shares for the six months ended 30 June 2016. No diluted earnings per share for the period ended 30 June 2017 was presented as there were no potential ordinary shares in issue as at 30 June 2017.

## 11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

During the reporting period, the Group spent approximately HK\$531.5 million (six months ended 30 June 2016: HK\$65.5 million) on acquisition of properties, plant and equipment.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
Trade receivables	3,440,368	3,281,141
Advance to suppliers	406,666	325,760
Interest income receivables	23,777	19,272
Prepaid expenses and deposits	169,702	247,625
Value-added tax ("VAT") recoverable	52,537	61,997
Land appreciation tax on pre-sale properties	58,814	30,270
Other receivables	31,459	28,928
	<hr/>	<hr/>
	4,183,323	3,994,993
Bills receivables	2,779,433	2,721,444
	<hr/>	<hr/>
	6,962,756	6,716,437
	<hr/>	<hr/>

The Group allows credit periods of up to 120 days (31 December 2016: 120 days), depending on the products sold to its trade customers. The following is an aged analysis of trade receivables based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
0–90 days	2,496,062	2,398,254
91–180 days	894,113	828,563
Over 180 days	50,193	54,324
	<hr/>	<hr/>
	3,440,368	3,281,141
	<hr/>	<hr/>

Bills receivables of the Group are aged within 90 days (31 December 2016: 90 days) at the end of the reporting period.

### 13. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
Trade payables	726,985	803,311
Accrued expenses	300,859	343,146
Payables for acquisition of properties, plant and equipment	88,483	57,775
Receipts in advance	199,779	345,551
Other tax payables	673,833	681,210
VAT payables	150,193	283,080
Other payables	77,037	67,049
	<hr/>	<hr/>
	2,217,169	2,581,122
Bills payables	201,303	135,785
	<hr/>	<hr/>
	2,418,472	2,716,907
	<hr/>	<hr/>

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

	<b>30 June 2017</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2016</b> <i>HK\$'000</i> (Audited)
0–90 days	593,845	663,081
91–180 days	103,904	109,828
Over 180 days	29,236	30,402
	<hr/>	<hr/>
	726,985	803,311
	<hr/>	<hr/>

Bills payables of the Group are aged within 90 days (31 December 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 robust results for the six months ended 30 June 2017 (the “Period”). According to the latest report by Prismark Partners LLC, an independent third party consulting firm, the Group has been ranked as the world’s top laminates producer for the twelfth consecutive year, with the Group’s market share in the global laminates market of 14%. Telecommunications equipment, automobile and consumer electronics exhibited growth during the Period. As a result of the subsequent laminates demand growth, there was a shortage of laminates and their upstream materials, including copper foil, glass yarn and glass fabric. This has led to significant price increases across products in the laminates division and thus an expanding profit margin.

The Group’s revenue surged by 20% year on year to HK\$9,035.5 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) also grew significantly 101% from the same period last year to HK\$2,826.6 million. Net profit attributable to owners of the Company went up significantly by 139% year on year to HK\$2,009 million. The Board has declared an interim dividend of HK32.6 cents per share, up 141% compared with the same period last year.

### Financial Highlights

	Six months ended 30 June		Change
	2017 HK\$'million	2016 HK\$'million	
<b>Revenue</b>	9,035.5	7,522.9	+20%
<b>EBITDA</b>	2,826.6	1,403.8	+101%
<b>Profit before tax</b>	2,505.7	1,030.3	+143%
<b>Net profit attributable to owners of the Company</b>	2,009.0	840.2	+139%
<b>Basic earnings per share</b>	HK65.2 cents	HK28.0 cents	+133%
<b>Interim dividend per share</b>	HK32.6 cents	HK13.5 cents	+141%
<b>Interim dividend payout ratio</b>	50%	48%	
<b>Special interim dividend per share</b>	–	HK50.0 cents	N/A
<b>Net asset value per share</b>	HK\$5.23	HK\$4.45	+18%
	Net cash 1,363.4	Net gearing 7%	

## PERFORMANCE

During the Period, a shortage in the supply of glass yarn and glass fabric led to a decline in the Group’s laminates output and thus shipment volume. Laminates shipment volume dropped 8% during the first half of the year to average monthly shipments of 9.09 million square metres. Of these, composite epoxy material (“CEM”) laminates and glass epoxy laminates (“FR4”) in aggregate contributed 54% of the Group’s revenue, whereas paper laminates sales accounted for 10%. However, as material shortages have pushed up laminates prices, segment turnover of the laminates division increased 24% to HK\$7,363.6 million despite the volume drop. The division’s EBITDA was up 98% to HK\$2,379.1 million.

The partial booking of sales of Kunshan Development Zone Kingboard Yu Garden Phase 2 and 3, Jiangyin Kingboard Yu Garden Phase 1 and Huaqiao Kingboard Yu Garden Phase 4 contributed a segment turnover of HK\$1,671.9 million for the property division with EBITDA of HK\$447.5 million.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2017, net current assets and current ratio of the Group were approximately HK\$12,083.3 million (31 December 2016: HK\$8,584.2 million) and 2.93 (31 December 2016: 1.95) respectively.

The net working capital cycle increased to 84 days as at 30 June 2017 from 80 days as at 31 December 2016, on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 33 days (31 December 2016: 22 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were shortened to 80 days (31 December 2016: 88 days).
- Trade and bills payable, including amounts due to fellow subsidiaries, in terms of creditor turnover days, were shortened to 29 days (31 December 2016: 30 days).

As at 30 June 2017, The Group's net cash was HK\$1,363.4 million (31 December 2016: HK\$1,750.5 million). The ratio of bank borrowings between short term and long term stood at 11%:89% (31 December 2016: 57%:43%).

The Group continued to adopt a prudent financial management policy. The Group did not enter into any derivative financial instrument, nor did the Group have any material foreign exchange exposure during the Period. 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 30 June 2017, the Group had approximately 9,900 (31 December 2016: 9,900) employees. In addition to offering competitive salary packages, the Group from time to time grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance.

## **PROSPECTS**

Entering the second half of the year, the market did not witness any evident capacity expansion starting to ramp up for copper foil, glass yarn and glass fabric. Shortage of supply thus continues. Demand for laminates grows steadily as the market enters its peak season. The Group has once again raised product prices, and expects further room for price increases in the future. Increasing investments in research and development have yielded satisfactory results for the Group. Sales of thin, halogen-free laminates, high temperature resistance and other high value-added laminates continue to be on the upward trend. As the Group enhances product portfolio, it will be able to expand its market share while raising returns from sales.

Capacity expansion for laminates, glass yarn and glass fabric proceeds as scheduled, and new capacity will start to ramp up before the end of this year. Additional capacities for glass yarn and glass fabric will help alleviate the Group's material shortage problem. At the same time, it will help boost external sales and add momentum to the Group's broad-based turnover growth. Besides, through collaboration with a number of globally renowned battery producers, the Group is contributing to joint research efforts into more economically efficient battery-use copper foil. The Group will expand capacity of this product line as and when appropriate.

## **APPRECIATION**

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, and the management and employees for their unreserved support for the Group during the reporting period.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 23 October 2017 to Tuesday, 24 October 2017 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend, the Company's shareholders are reminded to ensure all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 20 October 2017.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 June 2017, 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 unaudited interim financial statements of the Group for the six months ended 30 June 2017.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has been in compliance with the relevant provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “Code”) throughout the six months ended 30 June 2017, save for the deviation that the non-executive Director and independent non-executive Directors are not appointed for specific terms pursuant to code A.4.1 of the Code. Notwithstanding the aforesaid deviation, all the Directors (including the non-executive Director and 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 sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the 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”). Following a specific enquiry, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code and the code of conduct regarding director’s securities transactions adopted by the Company throughout the six months ended 30 June 2017.

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

Hong Kong, 18 August 2017

*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.*