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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
	2014	2013	
	<i>HK\$'million</i>	<i>HK\$'million</i>	
<b>Revenue</b>	6,432.3	6,311.2	+2%
<b>EBITDA</b>	1,111.3	1,084.4	+2%
<b>Profit before tax</b>	689.8	655.7	+5%
<b>Net profit attributable to owners of the Company</b>	591.1	569.7	+4%
<b>Earnings per share</b>	HK19.7 cents	HK19.0 cents	+4%
<b>Interim dividend per share</b>	HK6.0 cents	HK5.0 cents	+20%
<b>Dividend payout ratio</b>	30%	26%	
<b>Net asset value per share</b>	HK\$4.35	HK\$4.05	+7%
<b>Net gearing</b>	22%	30%	

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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	6,432,286	6,311,226
Cost of sales		<u>(5,395,751)</u>	<u>(5,299,691)</u>
Gross profit		1,036,535	1,011,535
Other income, gains and losses	5	81,588	79,858
Distribution costs		(142,334)	(139,695)
Administrative costs		(233,811)	(222,366)
Share-based payments		(2,129)	(8,019)
Gain on disposal of available-for-sale investments		493	–
Finance costs	6	<u>(50,565)</u>	<u>(65,612)</u>
Profit before taxation		689,777	655,701
Income tax expense	8	<u>(95,211)</u>	<u>(84,528)</u>
Profit for the period		<u>594,566</u>	<u>571,173</u>
Profit for the period attributable to:			
Owners of the Company		591,066	569,683
Non-controlling interests		<u>3,500</u>	<u>1,490</u>
		<u>594,566</u>	<u>571,173</u>
Earnings per share – Basic and diluted	10	<u>HK\$0.197</u>	<u>HK\$0.190</u>

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>594,566</u>	<u>571,173</u>
Other comprehensive (expense) income for the period:		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	<u>(122,312)</u>	<u>214,841</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value changes of available-for-sale investments	(196)	(81,465)
Reclassification adjustment relating to disposal of available-for-sale investments	<u>(493)</u>	<u>–</u>
	<u>(689)</u>	<u>(81,465)</u>
Other comprehensive (expense) income for the period	<u>(123,001)</u>	<u>133,376</u>
Total comprehensive income for the period	<u>471,565</u>	<u>704,549</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	475,330	691,590
Non-controlling interests	<u>(3,765)</u>	<u>12,959</u>
	<u>471,565</u>	<u>704,549</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014	31 December 2013
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties		1,282,300	1,283,553
Properties, plant and equipment	<i>11</i>	5,340,103	5,346,161
Prepaid lease payments		447,401	460,569
Available-for-sale investments		1,832,431	1,904,009
Non-current deposits		134,591	199,290
Other non-current assets		727,926	734,889
Deferred tax assets		3,590	4,083
Goodwill		238	238
		9,768,580	9,932,792
<b>Current assets</b>			
Inventories		1,571,945	1,289,434
Trade and other receivables and prepayments	<i>12</i>	4,434,400	4,295,860
Bills receivables	<i>12</i>	746,266	728,826
Properties held for development		3,089,270	2,991,581
Prepaid lease payments		11,515	11,291
Amounts due from fellow subsidiaries		337,850	274,782
Taxation recoverable		7,063	7,063
Bank balances and cash		2,069,317	2,427,697
		12,267,626	12,026,534
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	1,442,680	1,624,928
Bills payables	<i>13</i>	235,355	239,131
Deposits received from pre-sale of residential units		678,498	220,450
Amounts due to fellow subsidiaries		41,718	40,214
Taxation payable		299,506	324,585
Bank borrowings – amount due within one year		2,461,860	1,593,338
		5,159,617	4,042,646
Net current assets		7,108,009	7,983,888
Total assets less current liabilities		16,876,589	17,916,680

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Deferred tax liabilities	100,716	101,298
Bank borrowings – amount due after one year	2,646,916	3,790,846
	<u>2,747,632</u>	<u>3,892,144</u>
	<u>14,128,957</u>	<u>14,024,536</u>
Capital and reserves		
Share capital	300,000	300,000
Reserves	12,735,752	12,618,293
	<u>13,035,752</u>	<u>12,918,293</u>
Equity attributable to owners of the Company	13,035,752	12,918,293
Non-controlling interests	1,093,205	1,106,243
	<u>14,128,957</u>	<u>14,024,536</u>
Total equity	<u>14,128,957</u>	<u>14,024,536</u>

*Notes:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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 financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

\* IFRIC represents the International Financial Reporting Interpretations Committee

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or 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, 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>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of glass epoxy laminates	3,946,095	3,597,229
Sales of paper laminates	1,212,774	1,271,198
Sales of upstream materials	782,331	914,004
Others	423,448	468,231
Income from property investment	67,638	60,564
	<u>6,432,286</u>	<u>6,311,226</u>

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, sales of specialty resin and other materials and licence fee income. 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 organized into two main operating divisions – (i) manufacturing and sale 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, share-based payments, 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 2014</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	6,364,648	67,638	6,432,286
Segment results	704,135	16,582	720,717
Gain on disposal of available-for-sale investments			493
Share-based payments			(2,129)
Unallocated corporate income			75,274
Unallocated corporate expenses			(54,013)
Finance costs			(50,565)
Profit before taxation			689,777
<b>Six months ended 30 June 2013</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	6,250,662	60,564	6,311,226
Segment results	679,396	13,510	692,906
Share-based payments			(8,019)
Unallocated corporate income			76,213
Unallocated corporate expenses			(39,787)
Finance costs			(65,612)
Profit before taxation			655,701

Revenue from one of the Group's customers amounted to HK\$818,149,000 (six months ended 30 June 2013: HK\$897,494,000), which individually accounted for over 10% of the Group's total revenue for the period.

## 5. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income, gains and losses include:		
Dividend income from available-for-sale investments	10,870	7,160
Interest income from available-for-sale investments	62,394	59,859
Other interest income	3,597	3,433



## 6. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings		
– wholly repayable within five years	53,249	67,936
– not wholly repayable within five years	998	552
	<u>54,247</u>	<u>68,488</u>
Less: Amounts capitalised in the construction in progress	(3,682)	(2,876)
	<u>50,565</u>	<u>65,612</u>

The weighted average capitalisation rate on funds borrowed generally is 2.0% per annum (six months ended 30 June 2013: 2.1% per annum).

## 7. DEPRECIATION

During the period, depreciation of approximately HK\$366.7 million (six months ended 30 June 2013: HK\$356.7 million) was charged in respect of the Group's properties, plant and equipment.

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The amount comprises:		
Hong Kong Profits Tax	4,676	1,403
PRC Enterprise Income Tax	90,042	82,723
	<u>94,718</u>	<u>84,126</u>
Deferred taxation		
Charge for the period	493	402
	<u>95,211</u>	<u>84,528</u>

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

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.

## 9. INTERIM DIVIDEND

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2014 of HK6 cents (six months ended 30 June 2013: HK5 cents) per share to the shareholders whose names appear on the register of members of the Company on Thursday, 11 September 2014. The dividend warrants will be dispatched on or around Thursday, 18 September 2014.

## 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:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>591,066</u>	<u>569,683</u>
	<b>Number of shares</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,000,000,000</u>	<u>3,000,000,000</u>

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of shares for the six months ended 30 June 2014 and 2013.

## 11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

During the reporting period, the Group spent approximately HK\$422.1 million (six months ended 30 June 2013: HK\$191.8 million) on acquisition of properties, plant and equipment.

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

	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	3,457,509	3,491,467
Advance to suppliers	318,597	237,306
Interest income receivables	31,512	30,673
Prepaid expenses and deposits	235,850	190,318
Value-added tax ("VAT") recoverable	264,905	235,710
Land appreciation tax on pre-sale properties	5,795	1,883
Other receivables	<u>120,232</u>	<u>108,503</u>
	4,434,400	4,295,860
Bills receivables	<u>746,266</u>	<u>728,826</u>
	<u>5,180,666</u>	<u>5,024,686</u>

The Group allows credit periods of up to 120 days (31 December 2013: 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 2014</b>	<b>31 December 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	2,459,280	2,411,556
91–180 days	939,744	1,021,241
Over 180 days	58,485	58,670
	<u>3,457,509</u>	<u>3,491,467</u>

Bills receivables of the Group are aged within 90 days (31 December 2013: 90 days) at the end of the reporting period.

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

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	822,790	891,922
Accrued expenses	169,075	173,892
Payables for acquisition of properties, plant and equipment	67,532	49,300
Receipts in advance	130,887	220,272
Other tax payables	78,993	109,951
VAT payables	101,043	103,881
Other payables	72,360	75,710
	<u>1,442,680</u>	<u>1,624,928</u>
Bills payables	235,355	239,131
	<u>1,678,035</u>	<u>1,864,059</u>

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

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	679,177	766,410
91–180 days	94,809	78,010
Over 180 days	48,804	47,502
	<u>822,790</u>	<u>891,922</u>

Bills payables of the Group are aged within 90 days (31 December 2013: 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 satisfactory results for the six months ended 30 June 2014 (“1H 2014”). According to the latest report from Prismark Partners LLC, the Group continued to maintain the No. 1 position in the global laminate market for the ninth consecutive year with a global market share of 14.2% in 2013. During the reporting period, the global economy continued to show progressive recovery, while China also delivered a steady growth rate in its domestic economy. Global consumer demand for electronic products has been fuelled by expectations of a positive economic rebound. Against a backdrop of thriving electronic products sales, our management team strengthened the Group’s production capability and expanded sales efforts to capture business opportunities in the market. As a result, the Group achieved higher output and shipment volume year on year. Group revenue increased by 2% to HK\$6,432.3 million, with net profit attributable to owners of the Company up by 4% to HK\$591.1 million. Renminbi (“RMB”) sales accounted for around 63% of total revenue. The Board resolved to declare an interim dividend of HK6 cents per share.

## Financial Highlights

	Six months ended 30 June		Change
	2014	2013	
	HK\$'million	HK\$'million	
Revenue	6,432.3	6,311.2	+2%
EBITDA	1,111.3	1,084.4	+2%
Profit before tax	689.8	655.7	+5%
Net profit attributable to owners of the Company	591.1	569.7	+4%
Earnings per share	HK19.7 cents	HK19.0 cents	+4%
Interim dividend per share	HK6.0 cents	HK5.0 cents	+20%
Dividend payout ratio	30%	26%	
Net asset value per share	HK\$4.35	HK\$4.05	+7%
Net gearing	22%	30%	

## PERFORMANCE

As the global telecommunications industry continued to thrive and 4G technology gained more market share in China, demand for portable and telecommunication-related electronic products such as smartphones showed robust growth. In addition, strong consumer demand for intelligent motor vehicles has also driven up demand for laminates products. Hence, the Group expanded the output of high-performance laminates in order to capture greater share amidst this market change.

Driven by additional capacity from Jiangmen laminates plant in Guangdong Province and Jiangyin laminates plant in Jiangsu Province, overall laminates shipment volume was up 8% to an average monthly shipment of 9.1 million square metres in 1H 2014. Revenue from composite epoxy material laminates (“CEM”) and glass epoxy laminates (“FR4”) accounted for 61% of Group turnover, while paper laminates sales accounted for 19%. The balance mainly comprised sales of upstream materials and others. Enjoying a high occupancy rate, the Group’s investment properties received a steady rental income, reaching HK\$67.6 million.

As the average selling price (“ASP”) of laminates, especially FR4, suffered a mild downward trend due to lower copper prices against the same period last year, consolidated revenue of the Group was HK\$6,432.3 million, up 2%. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) were HK\$1,111.3 million, with a net profit of HK\$591.1 million. As shipment volume increased, distribution costs and administrative costs slightly increased by 2% and 5% respectively. Financing costs were down 23% as a result of lower average bank borrowings and a more favourable bank borrowing rate during the reporting period than last year’s.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our consolidated financial and liquidity position remained robust. As at 30 June 2014, net current assets and current ratio of the Group were approximately HK\$7,108.0 million (31 December 2013 – HK\$7,983.9 million) and 2.38 (31 December 2013 – 2.97) respectively.

The net working capital cycle increased to 123 days as at 30 June 2014 from 111 days as at 31 December 2013 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 53 days (31 December 2013 – 44 days).
- Trade receivables including amounts due from fellow subsidiaries, in terms of debtors turnover days, maintained at 107 days (31 December 2013 – 107 days).
- Trade and bills payables including amounts due to fellow subsidiaries, in terms of creditors turnover days, decreased to 37 days (31 December 2013 – 40 days).

The Group’s net gearing ratio (ratio of interest-bearing borrowings net of cash and cash equivalents to total equity) marginally increased to 22% (31 December 2013 – 21%). The ratio of bank borrowings between short term and long term stood at 48%: 52% (31 December 2013 – 30%: 70%).

The Group continued to adopt a prudent financial management policy. The Group did not enter into any type of derivative financial instruments throughout 1H 2014. There was no material foreign exchange exposure for the Group during the period under review. The Group’s revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of operating expenses.

## **HUMAN RESOURCES**

As at 30 June 2014, the Group had a workforce of approximately 10,300 (31 December 2013 – 9,700). In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on its overall financial achievement and their individual performance.

## **PROSPECTS**

As demand in the electronics market tends to improve in the second half-year owing to normal seasonality, management expects laminates sales to ramp up over the next six months. Leveraging on its current production facilities, the Group will continue to enhance product mix and expand capacity to meet strong market demand for high performance laminates.

In line with the challenging operating environment in the laminates market, fewer manufacturers were willing to invest in upstream materials. Against this background, our additional capacity of the Lianzhou glass fabric plant commenced production in 1H 2014. Meanwhile, trial production of the new glass yarn plant in Qingyuan, Guangdong Province, is also expected to commence in the second half of 2014. We have made good preparation for the future development of the laminates business of the Group.

Construction work of the first phase of Jiangyin Kingboard Yu Garden is close to completion, which will help to speed up sale progress of this project.

## **APPRECIATION**

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

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 10 September 2014 to Thursday, 11 September 2014 (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 Monday, 8 September 2014.

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

During the six months ended 30 June 2014, 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 2014.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has been in compliance with 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 2014, save for the deviation that the non-executive Director and independent non-executive Directors are not appointed for specific terms pursuant to paragraph 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 compliance 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.

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 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 2014.

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

Hong Kong, 22 August 2014

*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. Chan Yue Kwong, Michael, Leung Tai Chiu, Mok Yiu Keung, Peter and Ip Shu Kwan, Stephen, being the independent non-executive Directors.*