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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 2015

FINANCIAL HIGHLIGHTS

	FY2015 <i>HK\$'million</i>	FY2014 <i>HK\$'million</i>	Change
Revenue	12,769.7	13,282.7	-4%
EBITDA*	2,346.8	2,146.2	+9%
Profit before tax*	1,486.5	1,302.9	+14%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,211.5	1,095.5	+11%
– Reported net profit	1,265.4	1,121.8	+13%
Earnings per share			
– Based on underlying net profit*	HK40.4 cents	HK36.5 cents	+11%
– Based on reported net profit	HK42.2 cents	HK37.4 cents	+13%
Full-year dividend per share	HK17.7 cents	HK16.0 cents	+11%
– Interim dividend per share	HK6.4 cents	HK6.0 cents	+7%
– Proposed final dividend per share	HK11.3 cents	HK10.0 cents	+13%
Dividend payout ratio[#]	44%	44%	
Net asset value per share	HK\$4.39	HK\$4.43	-1%
Net gearing	15%	18%	

* Excluding:

FY2015: Gain on fair value changes of investment properties of HK\$68.4 million and impairment loss recognised on available-for-sale investments of HK\$14.5 million.

FY2014: Gain on fair value changes of investment properties of HK\$28.5 million and share-based payments of HK\$2.1 million.

[#] Calculated base on underlying net profit.

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 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	12,769,720	13,282,694
Cost of sales		<u>(10,599,003)</u>	<u>(11,285,223)</u>
Gross profit		2,170,717	1,997,471
Other income, gains and losses	4	176,692	144,643
Distribution costs		(304,542)	(286,267)
Administrative costs		(516,207)	(465,735)
Share-based payments		–	(2,130)
Gain on fair value changes of investment properties		68,370	28,489
Gain on disposal of available-for-sale investments		62,758	14,864
Finance costs	5	<u>(117,323)</u>	<u>(102,079)</u>
Profit before taxation		1,540,465	1,329,256
Income tax expense	7	<u>(269,465)</u>	<u>(193,281)</u>
Profit for the year		<u>1,271,000</u>	<u>1,135,975</u>
Profit for the year attributable to:			
Owners of the Company		1,265,403	1,121,842
Non-controlling interests		<u>5,597</u>	<u>14,133</u>
		<u>1,271,000</u>	<u>1,135,975</u>
Earnings per share – Basic and diluted	9	<u>HK\$0.422</u>	<u>HK\$0.374</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u>1,271,000</u>	<u>1,135,975</u>
Other comprehensive expenses for the year		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(966,852)	(144,251)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	<u>(10,467)</u>	<u>(60,652)</u>
Other comprehensive expenses for the year (net of tax)	<u>(977,319)</u>	<u>(204,903)</u>
Total comprehensive income for the year	<u>293,681</u>	<u>931,072</u>
Total comprehensive income (expenses) for the year attributable to:		
Owners of the Company	333,091	920,175
Non-controlling interests	<u>(39,410)</u>	<u>10,897</u>
	<u>293,681</u>	<u>931,072</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,285,285	1,268,646
Properties, plant and equipment		4,902,992	5,496,837
Prepaid lease payments		417,719	450,869
Available-for-sale investments		779,236	1,588,646
Deposits paid for acquisition of properties, plant and equipment		5,330	68,597
Other non-current assets		689,670	732,430
Deferred tax assets		3,183	3,913
Goodwill		238	238
		<u>8,083,653</u>	<u>9,610,176</u>
Current assets			
Inventories		1,388,529	1,463,633
Trade and other receivables and prepayments	10	4,214,203	4,554,430
Bills receivables	10	1,228,962	972,739
Properties held for development		5,066,199	3,757,111
Prepaid lease payments		9,915	10,581
Amounts due from fellow subsidiaries		192,226	99,257
Taxation recoverable		7,063	7,063
Bank balances and cash		2,840,247	2,447,596
		<u>14,947,344</u>	<u>13,312,410</u>
Current liabilities			
Trade and other payables	11	1,599,077	1,690,572
Bills payables	11	301,492	329,021
Deposits received from pre-sale of residential units		1,668,729	1,030,577
Amounts due to fellow subsidiaries		40,452	40,116
Taxation payable		277,485	299,610
Derivative financial instruments		–	6,779
Bank borrowings – amount due within one year		1,181,187	2,802,287
		<u>5,068,422</u>	<u>6,198,962</u>
Net current assets		<u>9,878,922</u>	<u>7,113,448</u>
Total assets less current liabilities		<u>17,962,575</u>	<u>16,723,624</u>

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	94,952	98,008
Bank borrowings – amount due after one year	3,714,462	2,231,956
	<u>3,809,414</u>	<u>2,329,964</u>
	<u>14,153,161</u>	<u>14,393,660</u>
Capital and reserves		
Share capital	300,000	300,000
Reserves	12,867,408	12,999,975
	<u>13,167,408</u>	<u>13,299,975</u>
Equity attributable to owners of the Company	13,167,408	13,299,975
Non-controlling interests	985,753	1,093,685
	<u>14,153,161</u>	<u>14,393,660</u>
Total equity	<u>14,153,161</u>	<u>14,393,660</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

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.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKAS 27	Equity method in separate financial statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ²

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company (“Directors”) do not anticipate that the application of these new and revised HKFRSs will have material impact on the consolidated financial statements.

2. 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 year is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of glass epoxy laminates	8,172,400	7,977,392
Sales of paper laminates	2,020,531	2,586,457
Sales of upstream materials	1,511,595	1,694,577
Others	944,045	882,370
Income from property investment	121,149	141,898
	<u>12,769,720</u>	<u>13,282,694</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 involves the drilling of holes into the laminates required by customers and 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.

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 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 and impairment loss recognised on 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:

Year ended 31 December 2015

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>12,648,571</u>	<u>121,149</u>	<u>12,769,720</u>
Segment results	<u>1,436,891</u>	<u>89,677</u>	1,526,568
Gain on disposal of available-for-sale investments			62,758
Impairment loss recognised on available-for-sale investments			(14,454)
Unallocated corporate income			185,158
Unallocated corporate expenses			(102,242)
Finance costs			<u>(117,323)</u>
Profit before taxation			<u>1,540,465</u>

Year ended 31 December 2014

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>13,140,796</u>	<u>141,898</u>	<u>13,282,694</u>
Segment results	<u>1,308,535</u>	<u>42,572</u>	1,351,107
Gain on disposal of available-for-sale investments			14,864
Share-based payments			(2,130)
Unallocated corporate income			140,975
Unallocated corporate expenses			(73,481)
Finance costs			<u>(102,079)</u>
Profit before taxation			<u>1,329,256</u>

Other segment information

The Group principally operates in the People's Republic of China ("PRC") (other than Hong Kong) (country of domicile) with revenue and profits derived mainly from its operations in the PRC.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The PRC (country of domicile)	12,003,744	12,401,212
Other foreign countries:		
Other Asian countries	667,469	779,245
Europe	44,785	43,052
America	53,722	59,185
	<u>12,769,720</u>	<u>13,282,694</u>

Revenue from one of the Group's customers amounted to HK\$1,557,971,000 (2014: HK\$1,638,196,000), which individually accounted for over 10% of the Group's revenue for the year.

4. OTHER INCOME, GAINS AND LOSSES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Other income, gains and losses include:		
Dividend income from available-for-sale investments	102,168	17,038
Interest income from available-for-sale investments	82,739	117,919
Other interest income	8,889	6,979
Fair value changes of foreign exchange forward contracts	(453)	(6,779)
Impairment loss recognised on available-for-sale investments	(14,454)	–
Loss on disposal and written off of properties, plant and equipment	<u>(12,284)</u>	<u>(8,875)</u>

5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank borrowings	120,404	106,107
Less: Amounts capitalised in the construction in progress	<u>(3,081)</u>	<u>(4,028)</u>
	<u>117,323</u>	<u>102,079</u>

The weighted average capitalisation rate on funds borrowed generally is 2.4% per annum (2014: 2.0% per annum).

6. DEPRECIATION

During the year, depreciation of approximately HK\$733.7 million (2014: HK\$731.9 million) was charged in respect of the Group's properties, plant and equipment.

7. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The amount comprises:		
Hong Kong Profits Tax		
Charge for the year	17,724	10,981
PRC Enterprise Income Tax		
Charge for the year	251,267	183,028
Taxation arising in other jurisdiction		
Charge for the year	2,800	2,392
	271,791	196,401
Deferred taxation		
Credit for the year	(2,326)	(3,120)
	269,465	193,281

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

8. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Dividends paid		
Interim dividend for the year ended 31 December 2015 of HK6.4 cents (for the year ended 31 December 2014: HK6 cents) per ordinary share	192,000	180,000
Final dividend for the year ended 31 December 2014 of HK10 cents (for the year ended 31 December 2013: HK12 cents) per ordinary share	300,000	360,000
	<u>492,000</u>	<u>540,000</u>
Dividend proposed		
Proposed final dividend for the year ended 31 December 2015 of HK11.3 cents (for the year ended 31 December 2014: HK10 cents) per ordinary share	339,000	300,000

The final dividend of HK11.3 cents per ordinary share amounted to HK\$339,000,000 in total in respect of the year ended 31 December 2015 (2014: final dividend of HK10 cents per ordinary share amounted to HK\$300,000,000 in total in respect of the year ended 31 December 2014) has been proposed by the Directors and is 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:

	2015 HK\$'000	2014 HK\$'000
Profit for the year attributable to owners of the Company	<u>1,265,403</u>	<u>1,121,842</u>
	Number of shares	
	2015	2014
	'000	'000
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,000,000</u>	<u>3,000,000</u>

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 for shares for both 2015 and 2014.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	3,503,978	3,570,113
Advance to suppliers	246,321	278,513
Interest income receivables	9,747	27,694
Prepaid expenses and deposits	264,411	286,940
Value-added tax ("VAT") recoverable	106,377	307,305
Land appreciation tax on pre-sale properties	27,028	2,005
Other receivables	56,341	81,860
	<hr/>	<hr/>
	4,214,203	4,554,430
Bills receivables	1,228,962	972,739
	<hr/>	<hr/>
	5,443,165	5,527,169
	<hr/>	<hr/>

The Group allows credit periods of up to 120 days (2014: 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 approximates to the respective revenue recognition date:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–90 days	2,393,595	2,422,494
91–180 days	1,060,014	1,088,772
Over 180 days	50,369	58,847
	<hr/>	<hr/>
	3,503,978	3,570,113
	<hr/>	<hr/>

Bills receivables of the Group are aged within 90 days (2014: 90 days) at the end of the reporting period.

11. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	776,173	817,642
Accrued expenses	301,518	201,607
Payables for acquisition of properties, plant and equipment	59,699	59,954
Receipts in advance	183,273	289,030
Other tax payables	38,469	114,693
VAT payables	188,832	132,406
Other payables (<i>Note</i>)	51,113	75,240
	1,599,077	1,690,572
Bills payables	301,492	329,021
	1,900,569	2,019,593

Note: Included in other payables as at 31 December 2014 was the consideration payable of HK\$8,559,000 to an independent third party for additional interests in a non-wholly owned subsidiary. The amount was repaid in 2015.

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

	2015 HK\$'000	2014 HK\$'000
0–90 days	642,744	735,294
91–180 days	105,083	47,704
Over 180 days	28,346	34,644
	776,173	817,642

The average credit period on purchase of goods is 90 days (2014: 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 (2014: 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 financial year ended 31 December 2015. Global economic growth was slow while demand was weak during the year. However, benefitting from the upgrading of telecommunications networks and the development of smart electric vehicles, as well as replacement demand for electrical appliances driven by the Internet of Things, the high-technology electronics market recorded strong sales. This has resulted in intense demand for high-performance laminates. At the same time, after going through years of fierce market consolidation, the demand-supply balance in the laminates market has evidently improved. Over recent years, the Group has actively expanded the production of high-performance, value-adding laminates and the supply of upstream materials. These efforts have yielded great results for the Group. Output and shipment of glass epoxy laminates (“FR4”) have both set new high records.

Consequent to the decline in the prices of commodities, the price of copper, major metal material for laminates production, dropped significantly during the year. The Group has therefore lowered the selling price of laminates, resulting in a slight decrease of 4% in Group revenue to HK\$12,769.7 million. Benefitting from a smaller adjustment in laminates’ selling price relative to the drop in material costs, the profit margin has improved, driving yearly underlying net profit (excluding non-recurring items) to rise 11% to HK\$1,211.5 million.

In view of the healthy financial position of the Group, the Board has proposed a final dividend of HK11.3 cents per share, subject to shareholders’ approval. Together with the interim dividend of HK6.4 cents per share paid in October 2015, this will constitute a total dividend of HK17.7 cents per share for the full year, representing a payout ratio of 44%.

Financial Highlights

	FY2015 <i>HK\$'million</i>	FY2014 <i>HK\$'million</i>	Change
Revenue	12,769.7	13,282.7	-4%
EBITDA*	2,346.8	2,146.2	+9%
Profit before tax*	1,486.5	1,302.9	+14%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,211.5	1,095.5	+11%
– Reported net profit	1,265.4	1,121.8	+13%
Earnings per share			
– Based on underlying net profit*	HK40.4 cents	HK36.5 cents	+11%
– Based on reported net profit	HK42.2 cents	HK37.4 cents	+13%
Full-year dividend per share	HK17.7 cents	HK16.0 cents	+11%
– Interim dividend per share	HK6.4 cents	HK6.0 cents	+7%
– Proposed final dividend per share	HK11.3 cents	HK10.0 cents	+13%
Dividend payout ratio[#]	44%	44%	
Net asset value per share	HK\$4.39	HK\$4.43	-1%
Net gearing	15%	18%	

* Excluding:

FY2015: Gain on fair value changes of investment properties of HK\$68.4 million and impairment loss recognised on available-for-sale investments of HK\$14.5 million.

FY2014: Gain on fair value changes of investment properties of HK\$28.5 million and share-based payments of HK\$2.1 million.

[#] Calculated base on underlying net profit.

PERFORMANCE

In 2015, the Group's consolidated revenue was HK\$12,769.7 million, achieved on an average monthly shipment volume of 9.6 million square metres, an increase of 1% over the previous year. Driven by demand for high-end electronics products such as smartphones, telecommunications base stations, servers and automobiles, the aggregate shipment volumes of composite epoxy material laminates ("CEM") and FR4 surged 8%. Revenue from these products accounted for 64% of Group revenue in 2015, while paper laminates sales contributed 16% of total revenue. The balance mainly comprised sales of upstream materials and other products. The Group's gross profit margin improved to 17% from 15% for the corresponding period last year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") (excluding non-recurring items) also increased 9% to HK\$2,346.8 million.

The Group's effective tax rate was 17.5%. As shipment volumes expanded, haulage distance increased and operating cost increased in Mainland China, distribution costs and administrative costs increased 6% and 11% respectively against last year.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 31 December 2015, net current assets and current ratio of the Group were approximately HK\$9,878.9 million (31 December 2014: HK\$7,113.4 million) and 2.95 (31 December 2014: 2.15) respectively.

The net working capital cycle increased to 115 days as at 31 December 2015 from 110 days as at 31 December 2014, on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 48 days (31 December 2014: 47 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtors turnover days, were up to 106 days (31 December 2014: 101 days).
- Trade and bills payables, including amounts due to fellow subsidiaries, in terms of creditors turnover days, increased to 39 days (31 December 2014: 38 days).

The Group's net gearing ratio (ratio of interest-bearing borrowings, net of cash and cash equivalents, to total equity) was reduced to 15% (31 December 2014: 18%). In 2015, the Group invested HK\$512.3 million in new production capacities and HK\$1,584.6 million in its property business. Equipped with an experienced professional management team, a solid business foundation and sound 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 24%:76% (31 December 2014: 56%:44%). Meanwhile, the Group maintained sufficient financial resources to meet the requirements for future market developments.

The Group continued to adopt a prudent financial management policy. The Group did not enter into any material derivative financial instruments, 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 2015, the Group had a workforce of approximately 10,400 (31 December 2014: 10,400). 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 employees' individual performance.

PROSPECTS

At the onset of 2016, strong demand is witnessed in downstream electronics market for high-performance laminates. Staying focused on raising the production efficiency of its plants, the Group is confident of achieving steady profit growth. As production of FR4 laminates approaches full capacity, management has started to identify appropriate acquisition targets with a view to raising capacity for high-performance laminates and expediting market consolidation. Meanwhile, the Group plans to increase the capacity of glass fabric, an upstream material, and the capacity will increase 18% to 39 million meters per month.

The Group is also actively leveraging its own production technologies and management expertise to seek expansion into high value-added manufacturing in other industries where it enjoys an advantage. To this end, the team of PVB business is undertaking research and development into a third-generation PVB film with sound insulation function. Management believes this new product will drive the Group's further development in the PVB market. As new energy vehicles, in particular electric ones, lead the growth of the automobile industry, it is foreseeable that the demand for copper foil used in batteries will go up. The Group owns battery-use copper foil technologies that have already been accredited by numerous well-known automobile manufacturers. In the next few years, the Group will step up efforts in research and development, as well as capacity investments, in related technologies in order to meet market demand.

The Group relocated its glass fabric plant in Shenzhen to Qingyuan, Guangdong Province. The new plant has commenced operation smoothly. The former plant site in Shenzhen has received approval for the renovation and redevelopment. Management is actively exploring different ways to redevelop the site. Residential properties in Kunshan and Jiangyin, Jiangsu Province will be completed consecutively from this year onwards. The pre-sale proceeds from these properties will be booked at proper time. The Group has no current intention to increase its land bank, but will focus on completing the existing projects with the aim of delivering greater returns for shareholders.

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 HK11.3 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, 23 May 2016 ("2016 AGM"), is to be payable on Tuesday, 14 June 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 31 May 2016.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) From Thursday, 19 May 2016 to Monday, 23 May 2016, 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 2016 AGM. In order to be eligible to attend and vote at the 2016 AGM, all transfers accompanied by the relevant share certificates 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 not later than 4:00 p.m. on Wednesday, 18 May 2016; and
- (ii) From Friday, 27 May 2016 to Tuesday, 31 May 2016, 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 registrar 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 Thursday, 26 May 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has met the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Code") throughout the year ended 31 December 2015, 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 meetings 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.

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 year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2015, 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 2015.

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 2015 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, 21 March 2016

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.