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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
	2016 <i>HK\$'million</i>	2015 <i>HK\$'million</i>	
<b>Revenue</b>	7,522.9	6,559.7	+15%
<b>EBITDA</b>	1,403.8	1,218.0	+15%
<b>Profit before tax</b>	1,030.3	777.8	+32%
<b>Net profit attributable to owners of the Company</b>	840.2	621.1	+35%
<b>Earnings per share</b>	HK28.0 cents	HK20.7 cents	+35%
<b>Interim dividend per share</b>	HK13.5 cents	HK6.4 cents	+111%
<b>Interim dividend payout ratio</b>	48%	31%	
<b>Special dividend per share</b>	HK50.0 cents	–	N/A
<b>Net asset value per share</b>	HK\$4.45	HK\$4.57	-3%
<b>Net gearing</b>	7%	20%	

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 2016 together with the comparative figures for the corresponding period in 2015 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	7,522,873	6,559,700
Cost of sales		<u>(6,088,656)</u>	<u>(5,419,014)</u>
Gross profit		1,434,217	1,140,686
Other income, gains and losses	5	33,132	67,168
Distribution costs		(144,774)	(149,194)
Administrative costs		(250,189)	(250,282)
Gain on disposal of available-for-sale investments		5,136	22,857
Finance costs	6	<u>(47,214)</u>	<u>(53,393)</u>
Profit before taxation		1,030,308	777,842
Income tax expense	8	<u>(186,574)</u>	<u>(151,848)</u>
Profit for the period		<u>843,734</u>	<u>625,994</u>
Profit for the period attributable to:			
Owners of the Company		840,198	621,100
Non-controlling interests		<u>3,536</u>	<u>4,894</u>
		<u>843,734</u>	<u>625,994</u>
Earnings per share – Basic and diluted	10	<u>HK\$0.280</u>	<u>HK\$0.207</u>

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>843,734</u>	<u>625,994</u>
Other comprehensive (expenses) 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	(351,459)	20,760
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	<u>12,990</u>	<u>64,496</u>
Other comprehensive (expenses) income for the period (net of tax)	<u>(338,469)</u>	<u>85,256</u>
Total comprehensive income for the period	<u><u>505,265</u></u>	<u><u>711,250</u></u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	522,768	704,827
Non-controlling interests	<u>(17,503)</u>	<u>6,423</u>
	<u><u>505,265</u></u>	<u><u>711,250</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016	31 December 2015
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Investment properties		1,212,020	1,285,285
Properties, plant and equipment	<i>11</i>	4,549,500	4,902,992
Prepaid lease payments		405,013	417,719
Available-for-sale investments		716,016	779,236
Deposits paid for acquisition of properties, plant and equipment		17,135	5,330
Other non-current assets		676,040	689,670
Deferred tax assets		3,248	3,183
Goodwill		238	238
		7,579,210	8,083,653
<b>Current assets</b>			
Inventories		1,426,944	1,388,529
Trade and other receivables and prepayments	<i>12</i>	4,578,439	4,214,203
Bills receivables	<i>12</i>	1,772,169	1,228,962
Properties held for development		4,596,229	5,066,199
Prepaid lease payments		9,892	9,915
Amounts due from fellow subsidiaries		373,858	192,226
Taxation recoverable		7,063	7,063
Bank balances and cash		3,305,292	2,840,247
		16,069,886	14,947,344
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	1,449,858	1,599,077
Bills payables	<i>13</i>	257,557	301,492
Deposits received from pre-sale of residential units		3,001,234	1,668,729
Amounts due to fellow subsidiaries		40,165	40,452
Taxation payable		222,962	277,485
Bank borrowings – amount due within one year		1,338,194	1,181,187
		6,309,970	5,068,422
Net current assets		9,759,916	9,878,922
Total assets less current liabilities		17,339,126	17,962,575

	<b>30 June 2016</b> <i>HK\$'000</i> (Unaudited)	<b>31 December 2015</b> <i>HK\$'000</i> (Audited)
Non-current liabilities		
Deferred tax liabilities	88,025	94,952
Bank borrowings – amount due after one year	2,938,332	3,714,462
	<u>3,026,357</u>	<u>3,809,414</u>
	<u>14,312,769</u>	<u>14,153,161</u>
Capital and reserves		
Share capital	300,000	300,000
Reserves	13,051,174	12,867,408
	<u>13,351,174</u>	<u>13,167,408</u>
Equity attributable to owners of the Company	13,351,174	13,167,408
Non-controlling interests	961,595	985,753
	<u>14,312,769</u>	<u>14,153,161</u>
Total equity	<u>14,312,769</u>	<u>14,153,161</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 2016 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2015.

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 HKFRS 11	Accounting for acquisitions of interests in joint operation
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12, and HKAS 28	Investment entities: Applying the consolidation exception

The application of the above new 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 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:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Sales of glass epoxy laminates	3,819,223	4,274,862
Sales of paper laminates	919,635	1,003,763
Sales of upstream materials	682,449	741,321
Others	534,439	481,639
Sales of properties	1,511,983	–
Income from property investment	55,144	58,115
	<u>7,522,873</u>	<u>6,559,700</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 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 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, unallocated corporate income and expenses and finance costs).

## Segment revenue and results

The following is an analysis of the Group's revenue and result by operating segments:

<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	5,955,746	1,567,127	7,522,873
Segment result	885,886	212,835	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			(47,214)
Profit before taxation			1,030,308
<b>Six months ended 30 June 2015</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	6,501,585	58,115	6,559,700
Segment result	801,800	8,075	809,875
Gain on disposal of available-for-sale investments			22,857
Unallocated corporate income			59,648
Unallocated corporate expenses			(61,145)
Finance costs			(53,393)
Profit before taxation			777,842

For the six months ended 30 June 2015, revenue from one of the Group's customers amounted to HK\$809,533,000, which individually accounted for over 10% of the Group's revenue for the prior period. The corresponding revenue from that customer did not contribute over 10% of the total revenue of the Group in the current period.

## 5. OTHER INCOME, GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2016</b> <i>HK\$'000</i> (Unaudited)	<b>2015</b> <i>HK\$'000</i> (Unaudited)
Other income, gains and losses include:		
Dividend income from available-for-sale investments	8,024	9,614
Interest income from available-for-sale investments	10,516	49,907
Other interest income	5,652	5,249



## 6. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Interest on bank borrowings	49,410	55,364
Less: Amounts capitalised in the construction in progress	(2,196)	(1,971)
	<u>47,214</u>	<u>53,393</u>

The weighted average capitalisation rate on funds borrowed generally is 2.2% per annum (six months ended 30 June 2015: 1.9% per annum).

## 7. DEPRECIATION

During the period, depreciation of approximately HK\$321.7 million (six months ended 30 June 2015: HK\$382.5 million) was charged in respect of the Group's properties, plant and equipment.

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	750	5,389
Taxation arising in other jurisdictions	<u>185,889</u>	<u>146,307</u>
	186,639	151,696
Deferred taxation (Credit) charge for the period	<u>(65)</u>	<u>152</u>
	<u>186,574</u>	<u>151,848</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.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. DIVIDENDS

The directors of the Company (the "Directors") have resolved to declare an interim dividend and a special dividend for the six months ended 30 June 2016 of HK13.5 cents (six months ended 30 June 2015: HK6.4 cents) and HK50 cents (six months ended 30 June 2015: Nil) per share respectively to the shareholders whose names appear on the register of members of the Company on Thursday, 15 September 2016. The dividend warrants will be dispatched on or around Monday, 3 October 2016.

## 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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	840,198	621,100
	<b>Number of shares</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
Number of ordinary shares for the purpose of calculating basic earnings per share	3,000,000,000	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 both the six months ended 30 June 2016 and 2015.

## 11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

During the reporting period, the Group spent approximately HK\$65.5 million (six months ended 30 June 2015: HK\$111.6 million) on acquisition of properties, plant and equipment.

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

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
	Trade receivables	3,437,427
Advance to suppliers	204,739	246,321
Interest income receivables	7,984	9,747
Prepaid expenses and deposits	762,442	264,411
Value-added tax ("VAT") recoverable	91,025	106,377
Land appreciation tax on pre-sale properties	23,056	27,028
Other receivables	51,766	56,341
	4,578,439	4,214,203
Bills receivables	1,772,169	1,228,962
	6,350,608	5,443,165

The Group allows credit periods of up to 120 days (31 December 2015: 120 days), depending on the products sold to its trade customers. The following is an aging analysis of trade receivables based on invoice date at the end of the reporting period, which approximates to the respective revenue recognition dates:

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	2,388,124	2,393,595
91–180 days	998,388	1,060,014
Over 180 days	50,915	50,369
	<u>3,437,427</u>	<u>3,503,978</u>

Bills receivables of the Group are aged within 90 days (31 December 2015: 90 days) at the end of the reporting period.

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

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	605,223	776,173
Accrued expenses	298,274	301,518
Payables for acquisition of properties, plant and equipment	38,159	59,699
Receipts in advance	216,754	183,273
Other tax payables	30,318	38,469
VAT payables	207,313	188,832
Other payables	53,817	51,113
	<u>1,449,858</u>	<u>1,599,077</u>
Bills payables	257,557	301,492
	<u>1,707,415</u>	<u>1,900,569</u>

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

	<b>30 June 2016</b>	<b>31 December 2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	510,133	642,744
91–180 days	63,007	105,083
Over 180 days	32,083	28,346
	<u>605,223</u>	<u>776,173</u>

Bills payables of the Group are aged within 90 days (31 December 2015: 90 days) at the end of the reporting period.

#### **14. EVENTS AFTER THE REPORTING PERIOD**

On 13 May 2016, one of the Group's subsidiaries entered into a sale and purchase agreement to sell equity interest of a PRC subsidiary, which holds a parcel of land in Shenzhen, at a consideration of approximately RMB2,004.43 million (equivalent to approximately HK\$2,345.27 million) and the transaction was completed on 5 July 2016. Upon completion of the disposal, it is estimated that the Group would realise a gain on the disposal before taxation of approximately RMB1,979.18 million (equivalent to approximately HK\$2,315.72 million).

## BUSINESS REVIEW

On behalf of the Board, 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 2016 (the “Period”). As quoted in a recent report by Prismark Partners LLC, the Group has been ranked the world’s top laminates producer for eleven consecutive years, with the Group’s market share in the global laminates market increasing from 13.5% to 14% in 2015. During the Period, the electronics market exhibited steady growth. Leveraging vertically integrated production platform, the Group was able to comprehensively capture the market rebound to gear up laminates sales and to increase its production of high-performance laminates. The Group also succeeded in increasing the profit margin for its laminates business. Besides, the partial booking of sales from Kunshan Development Zone Kingboard Yu Garden Phase 3, gave a strong boost to the Group’s profit.

The Group’s revenue surged by 15% year on year to HK\$7,522.9 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) also grew 15% from the same period last year to HK\$1,403.8 million with a significant growth of 35% in net profit attributable to owners of the Company to HK\$840.2 million was posted. The Board has resolved to declare an interim dividend of HK13.5 cents per share, up 111% compared with the same period last year; and declare a special dividend of HK50 cents per share.

### Financial Highlights

	Six months ended 30 June		Change
	2016	2015	
	HK\$'million	HK\$'million	
<b>Revenue</b>	7,522.9	6,559.7	+15%
<b>EBITDA</b>	1,403.8	1,218.0	+15%
<b>Profit before tax</b>	1,030.3	777.8	+32%
<b>Net profit attributable to owners of the Company</b>	840.2	621.1	+35%
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<b>Interim dividend per share</b>	HK13.5 cents	HK6.4 cents	+111%
<b>Interim dividend payout ratio</b>	48%	31%	
<b>Special dividend per share</b>	HK50.0 cents	–	N/A
<b>Net asset value per share</b>	HK\$4.45	HK\$4.57	-3%
<b>Net gearing</b>	7%	20%	

### PERFORMANCE

Demand for automobile and telecommunications network equipment showed strong growth momentum. The laminates market has thus entered a healthy upward trend against a notable slowdown in supply. The Group’s total shipment volume of laminates during the first half of the year went up by 3% to average monthly shipments of 9.85 million square metres. Composite epoxy material (“CEM”) laminates and glass epoxy laminates (“FR4”) in aggregate contributed 51% of the Group’s revenue during the first half of 2016, whereas paper laminates sales accounted for 12%.

Due to the notable decrease in raw material prices, the Group has lowered the selling price of laminates. Along with depreciation of Renminbi exchange rate, the laminates segment therefore recorded a segment turnover of HK\$5,955.8 million, down by 8%. But benefiting on market rebound, profit margin of laminates segment broadened. EBITDA increased 2% year on year to HK\$1,202.9 million.

Satisfactory pre-sale progress was witnessed in property segment. Partial recognition of pre-sale, segment turnover of the property division increased to HK\$1,567.1 million with EBITDA of HK\$222.1 million.

Distribution costs was slightly down by 3%, while administrative costs remained nearly the same. Finance costs decreased by 12% during the Period, mainly as a result of lower average bank borrowings.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2016, net current assets and current ratio of the Group were approximately HK\$9,759.9 million (31 December 2015: HK\$9,878.9 million) and 2.55 (31 December 2015: 2.95) respectively.

The net working capital cycle decreased to 106 days as at 30 June 2016 from 115 days as at 31 December 2015, on the following key metrics:

- Inventories, in terms of stock turnover days, decreased to 42 days (31 December 2015: 48 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtors turnover days, decreased to 91 days (31 December 2015: 106 days).
- Trade and bills payable, including amounts due to fellow subsidiaries, in terms of creditors turnover days, were shortened to 27 days (31 December 2015: 39 days).

The Group's net gearing ratio (ratio of interest-bearing borrowings, net of cash and cash equivalents, to total equity) decreased to 7% (31 December 2015: 15%). The ratio of bank borrowings between short term and long term stood at 31%:69% (31 December 2015: 24%:76%).

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 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 2016, the Group had a workforce of approximately 10,400 (31 December 2015: 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**

The demand-supply dynamics of the laminates market have evidently improved after years of intense competition. At the onset of the second half of 2016, the prices of laminate-related upstream materials, such as copper foil, glass yarn and glass fabric, increased due to the shortage of supply. Thus, the Group will raise the price of laminates correspondingly. The Group has captured this market opening to increase capacities for thin and halogen-free laminates, as well as LED-related laminates. The Group has also made efforts to enhance its operational efficiency and to expand market share.

The PVB business team has successfully developed a third-generation PVB film with sound insulation function. This product commands industry-leading technology and functions and will help the Group tap into the segments, including high-end automobile glass and curtain wall for construction use. Responding to keen demand for battery-use copper foils from electric-car manufacturers, the Group has expanded research efforts in related technologies. The Group aims to develop thinner battery-use copper foils that boast better functionalities than current mainstream products and increase correspond capacity.

Property pre-sales proceeded smoothly during the first six months, generating substantial cash flow for the Group. Project launches will continue as planned in the second half of the year. With the consecutive completions of residential properties for sale, including the project in Kunshan, Jiangsu Province, the Group looks forward to sustain sales contributions from the division in future. The redevelopment project in Shenzhen, Guangdong Province was disposed of in May 2016, with the gain from the disposal to be booked in the second half of the year.

## **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 Wednesday, 14 September 2016 to Thursday, 15 September 2016 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend and a special 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 Tuesday, 13 September 2016.

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

During the six months ended 30 June 2016, 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 2016.

## **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 2016, 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 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 six months ended 30 June 2016.

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

Hong Kong, 15 August 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.*