KB

KINGBOARD CHEMICAL HOLDINGS LIMITED
建滔化工集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 148)

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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)

JOINT ANNOUNCEMENT

ANNOUNCEMENT RELATED TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY

KBCF announced its unaudited consolidated results for the three months ended September 30, 2017 on the Singapore Exchange Securities Trading Limited on November 8, 2017.

Pursuant to Rule 705 and Rule 920 (1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Kingboard Copper Foil Holdings Limited ("KBCF" or the "Company"), a public company listed on the Singapore Exchange Securities Trading Limited announced its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended September 30, 2017 on the website of www.sgx.com of Singapore Exchange Securities Trading Limited on November 8, 2017. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

KBCF is an indirect 82.32%-owned subsidiary of Kingboard Laminates Holdings Limited ("Kingboard Laminates"). In turn, Kingboard Laminates is a 69.30%-owned subsidiary of Kingboard Chemical Holdings Limited ("Kingboard Chemical"). Both Kingboard Chemical and Kingboard Laminates are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

This announcement is made pursuant to Rule 13.09 (2) of the Rules Governing the Listing of Securities on the Stock Exchange and is being released for information purpose only. The following is a reproduction of the results announcement of KBCF.

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 &Q3) HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 Months ended September 30, 2017 HK$'000	September 30, 2016 HK$'000	% Change
Revenue	150,120	162,243	–7.47%
Cost of sales	(129,055)	(143,684)	–10.18%
Gross profit	21,065	18,559	13.50%
Other operating income	660	585	12.82%
Distribution costs	(5,179)	(5,566)	–6.95%
Administrative expenses	(6,384)	(5,298)	20.50%
Share of losses of an associate	(1,110)	(1,788)	–37.92%
Profit before tax	9,052	6,492	39.43%
Income tax expense	(2,423)	(2,045)	18.48%
Profit for the period	6,629	4,447	49.07%
Profit for the period attributable to:			
Owners of the Company	5,670	3,411	66.23%
Non-controlling interests	959	1,036	–7.43%

Profit for the period has been arrived at after (crediting) charging:

	Group 3 Months ended September 30, 2017 HK$'000	Group 3 Months ended September 30, 2016 HK$'000	% Change
Other operating income including interest income	(660)	(585)	12.82%
Depreciation of property, plant and equipment	21,642	27,196	–20.42%
Amortisation of prepaid land use rights	270	270	0.00%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at September 30, 2017 HK$'000	As at December 31, 2016 HK$'000	As at September 30, 2017 HK$'000	As at December 31, 2016 HK$'000
ASSETS				
Current assets:				
Cash and bank balances	1,639,695	1,556,470	–	–
Trade and other receivables and prepayments	76,260	84,453	166	176
Bills receivable	49,350	27,138	–	–
Other current assets	–	645,931	–	–
Prepaid land use rights	1,056	1,003	–	–
Inventories	24,650	22,371	–	–
Total current assets	1,791,011	2,337,366	166	176

	Group		Company	
	As at September 30, 2017	As at December 31, 2016	As at September 30, 2017	As at December 31, 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets:				
Investments in subsidiaries	–	–	393,775	393,775
Investment in an associate	36,195	40,516	13,656	13,656
Due from a subsidiary	–	–	877,346	882,039
Investment property	5,983	5,683	–	–
Property, plant and equipment	326,213	360,478	–	–
Prepaid land use rights	35,749	34,709	–	–
Other non-current assets	680,027	–	–	–
Goodwill	238	238	–	–
Total non-current assets	1,084,405	441,624	1,284,777	1,289,470
Total assets	2,875,416	2,778,990	1,284,943	1,289,646
LIABILITIES AND EQUITY				
Current liabilities:				
Due to a subsidiary	–	–	2,721	2,721
Bills payable	3,953	11,481	–	–
Trade and other payables	88,122	104,527	2,423	2,423
Income tax payable	8,463	8,366	38	38
Total current liabilities	100,538	124,374	5,182	5,182
Capital and reserves and non-controlling interests:				
Share capital	560,200	560,200	560,200	560,200
Reserves	2,185,906	2,068,980	719,561	724,264
Equity attributable to owners of the Company	2,746,106	2,629,180	1,279,761	1,284,464
Non-controlling interests	28,772	25,436	–	–
Total equity	2,774,878	2,654,616	1,279,761	1,284,464
Total liabilities and equity	2,875,416	2,778,990	1,284,943	1,289,646

1b(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at September 30, 2017		As at December 31, 2016	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	–	–	–	–

Amount repayable after one year

	As at September 30, 2017		As at December 31, 2016	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	–	–	–	–

Details of any collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 Months ended	
	September 30, 2017	**September 30, 2016**
	HK$'000	*HK$'000*
Operating activities:		
Profit before tax	9,052	6,492
Adjustments for:		
Depreciation of property, plant and equipment	21,642	27,196
Amortisation of prepaid land use rights	270	270
Interest income	(477)	(463)
Share of losses of an associate	1,110	1,788

	3 Months ended	
	September 30, 2017	**September 30, 2016**
	HK$'000	*HK$'000*
Operating cash flow before movements in working capital	31,597	35,283
Trade and other receivables and prepayments	(9,063)	2,533
Bills receivable	(1,083)	(11,800)
Inventories	(1,385)	4,120
Trade and other payables	2,405	546
Bills payable	166	(209)
Cash generated from operations	22,637	30,473
Income tax paid	(2,341)	(1,627)
Interest received	477	463
Net cash from operating activities	20,773	29,309
Investing activities:		
Purchase of property, plant and equipment	(1,399)	–
Net cash used in investing activities	(1,399)	–
Net increase in cash and bank balances	19,374	29,309
Cash and bank balances at the beginning of the period	1,602,548	1,464,390
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	17,773	(6,170)
Cash and bank balances at the end of the period	1,639,695	1,487,529

1(d) A statement of comprehensive income (for the issuer and the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Company	
	3 Months ended		3 Months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for period	6,629	4,447	(1,259)	(1,118)
Other comprehensive income (expense):				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation to foreign operations	43,529	(15,921)	–	–
Total comprehensive income (expense) for the period	50,158	(11,474)	(1,259)	(1,118)
Total comprehensive income (expense) attributable to:				
Owners of the Company	48,606	(12,306)	(1,259)	(1,118)
Non-controlling interests	1,552	832	–	–
	50,158	(11,474)	(1,259)	(1,118)

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserves** *HK$'000*	**Foreign currency translation reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Group								
Third Quarter 2017 ("Q3 2017")								
Balance at July 1, 2017	560,200	296,573	7,287	362,388	1,471,052	2,697,500	27,220	2,724,720
Total comprehensive income for the period								
Profit for the period	–	–	–	–	5,670	5,670	959	6,629
Other comprehensive income for the period	–	–	–	42,936	–	42,936	593	43,529

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserves *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
Company					
Third Quarter 2017 ("Q3 2017")					
Balance at July 1, 2017	560,200	296,573	6,275	417,972	1,281,020
Total comprehensive expense for the period					
Loss for the period	–	–	–	(1,259)	(1,259)
Balance at September 30, 2017	560,200	296,573	6,275	416,713	1,279,761
Third Quarter 2016 ("Q3 2016")					
Balance at July 1, 2016	560,200	296,573	6,275	419,401	1,282,449
Total comprehensive expense for the period					
Loss for the period	–	–	–	(1,118)	(1,118)
Balance at September 30, 2016	560,200	296,573	6,275	418,283	1,281,331

1(e)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued share capital for the 3 months' period ended September 30, 2017. The Company does not have any convertibles or treasury shares as at the end of the current financial period report on and as at the end of the corresponding period of the immediately preceding financial year.

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	3 months from July 1, 2017 to September 30, 2017	3 months from July 1, 2016 to September 30, 2016
Based on the weighted average number of ordinary shares in issue	0.78 HK cents	0.47 HK cents
On a fully diluted basis	0.78 HK cents	0.47 HK cents

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Net asset value per ordinary share based on issued share capital at the end of the period reported on	380.08 HK cents	363.90 HK cents	177.13 HK cents	177.78 HK cents

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

On behalf of the Board of Directors, it is my pleasure to present the financial results of Kingboard Copper Foil Holdings Limited ("the Company") and its subsidiaries (together with the Company, "the Group") for the third quarter of 2017 ("Q3 2017"). Revenue for the current quarter comprised (i) the receipt of license fee of HK$30 million pursuant to the on-going licensing arrangement and (ii) the sale of polyvinyl butyral ("PVB") resin for HK$120 million, a basic raw material for the production of PVB film which is used to produce reinforced glass for both automotive industry and buildings. The Group's turnover decreased 7% to HK$150 million against the third quarter of 2016 ("Q3 2016") and net profit attributable to owners of the Company for Q3 2017 was HK$5.7 million. Gross profit margin were 11.4% in Q3 2016 and 14% in Q3 2017.

Distribution costs in Q3 2017 decreased 7% to approximately HK$5.2 million, which is in line with the decrease in turnover. Administrative expenses in Q3 2017 increased by 21% against Q3 2016. The increase represents the associated professional fees in relation to the voluntary unconditional cash offer rolled out in March to May 2017.

Our financial position continued to be sound. As at September 30, 2017, net current assets and current ratio were approximately HK$1,690 million and 17.8 respectively. Current assets mainly comprised cash and bank balances of HK$1,640 million, trade and other receivables and prepayments of HK$76 million, bills receivables of HK$49 million and inventories of HK$25 million. As at the end of Q3 2017, the Company's interest in Linkfit Investment Holdings Limited ("Linkfit"), a private company incorporated in Samoa, was 29.67%. The unquoted equity shares were stated at costs less accumulated impairment losses at the end of the reporting period.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Licensing Arrangement

At the Annual General Meeting of the Company held on April 29, 2011, the shareholders of the Company did not approve the renewal of the mandate ("Shareholders' Mandate") to enable the Group to enter into interested person transactions with Kingboard Chemical Holdings Limited and its associates (together, the "Interested Persons"). The Company has entered into a licensing agreement, as amended by the letters of extension and amendments dated August 30, 2013 and August 28, 2015, to license the properties, inventory and machinery that were previously used for the production of copper foil with effect from September 1, 2011 to August 31, 2017 to Harvest Resource Management Limited, an independent third party, in order to ensure that a steady stream of license fee is received by the Group. On August 30, 2017, the licensing agreement is renewed for the term of further two years to end of August 2019. The Group will, in compliance with the Listing Manual, make relevant disclosures as and when appropriate.

PVB Business

The economic growth rate in the People's Republic of China (the "PRC") is continued to maintain at a low level. The first tier and second tier cities in the PRC have imposed restriction orders on residential units, which has affected the real estate industry and hence the construction industry. In this regard, PVB business has also been affected. However, the Group has successfully ventured into India, one of the emerging market with great opportunities and potential in the PVB market. Sales to India accounted for approximately 3% of PVB sales for the nine months period ended September 30, 2017. The Group will continue to improve the production efficiency, reducing the defect rate, lowering the production costs and shortening the lead time so as to deliver greater returns to the shareholders.

Litigation in Bermuda

On August 3, 2011, a petition was filed in the Supreme Court of Bermuda (the "Court") in respect of the Company on the grounds of oppressive or unfair prejudicial conduct by Annuity & Re Life Limited (a minority shareholder of the Company). The Company and its majority shareholders are named as respondents in the proceedings. The Company takes a neutral stance in these proceedings. The trial of the petition took place in September 2015. The Court handed down its judgement on November 10, 2015. The Court found that the allegation that the terms of the previous interested person transaction sales constituted preferential transfer pricing which was prejudicial to minority shareholders was not proved; and the allegation that the terms of license agreement were wholly uncommercial and the licencee was a sham was also not proved. However, the Court ruled that the Company's management should have promptly initiated bona fide open negotiations in which commercially reasonable proposals should be openly tabled with a view to persuading the non-controlling shareholders to approve the interested person transactions mandate on even marginally more favourable terms. The majority shareholders respondents filed a notice of appeal on December 23, 2015 relating to the unfavourable ruling of the first instance judgement. The appeal hearing took place in the Court of Appeal of Bermuda on March 6 to 7, 2017. The Court of Appeal of Bermuda handed down a written judgement on March 24, 2017, allowing the appeal of the majority shareholders respondents. Annuity & Re Life Limited filed a notice of motion for leave to appeal to the Privy Council on April 13, 2017 and was granted leave to appeal on June 16, 2017. The Company will make further announcement as and when necessary to keep shareholders informed of material developments in this matter.

11 Dividend.

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been proposed or declared for the 3 months' period ended September 30, 2017.

13 Confirmation of Directors and Executive Officers' Undertakings pursuant to Listing Rule 720(1)

The Company confirmed that it has procured the undertakings under Listing Rule 720(1) of the Listing Manual from all its directors and executive officers in the format set out in Appendix 7.7.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 and half-year results)

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

16 A breakdown of sales.

Not applicable.

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

19 Interested Person Transactions Pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

The Company does not have any interested person transaction mandate or any interested person transaction required to be disclosed pursuant to Rule 920(1)(a)(ii) of the Listing Manual.

Confirmation By the Board

We, LAM KA PO and CHEUNG KWOK PING being two directors of Kingboard Copper Foil Holdings Limited, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q3 2017 financial results to be false or misleading in all material aspects.

On behalf of the board of directors
Kingboard Copper Foil Holdings Limited

Lam Ka Po
Director

Cheung Kwok Ping
Director"

BY ORDER OF THE BOARD
Kingboard Chemical Holdings Limited
Lo Ka Leong
Company Secretary

BY ORDER OF THE BOARD
Kingboard Laminates Holdings Limited
Leung Yu Hin
Company Secretary

Hong Kong, November 8, 2017

As at the date of this announcement, the board of directors ("Board") of Kingboard Chemical consists of Messrs. Cheung Kwok Wing, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie, Cheung Ka Shing and Chen Maosheng, being the executive directors, Messrs. Cheung Ming Man, Chong Kin Ki, Leung Tai Chiu and Chan Wing Kee being the independent non-executive directors.

As at the date of this announcement, the Board of Kingboard Laminates 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.