



**KB**

建滔積層板控股有限公司

KINGBOARD LAMINATES HOLDINGS LIMITED

Stock Code: 1888

## RESULTS

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 2008 together with the comparative figures for the corresponding period in 2007 as follows:

### Condensed Consolidated Income Statement

	Notes	Six months ended 30 June	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	2	5,242,267	4,806,290
Cost of sales		(3,896,679)	(3,499,090)
Gross profit		1,345,588	1,307,200
Other income		46,430	46,204
Distribution costs		(99,876)	(89,418)
Administrative costs		(188,378)	(165,670)
Finance costs		(62,821)	(78,218)
Profit before taxation		1,040,943	1,020,098
Income tax expense	4	(67,912)	(73,426)
Profit for the period		973,031	946,672
Attributable to:			
Equity holders of the Company		928,805	903,070
Minority interests		44,226	43,602
		973,031	946,672
Interim dividend	5	360,000	300,000
Earnings per share	6		
Basic		HK\$0.310	HK\$0.301

## Condensed Consolidated Balance Sheet

	Notes	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties		40,537	40,537
Properties, plant and equipment	7	5,918,632	5,152,176
Prepaid lease payments		292,702	193,187
Available-for-sale investments		19,800	19,800
Non-current deposits		154,454	221,589
Deferred tax assets		2,346	1,632
Goodwill		238	238
		<b>6,428,709</b>	<b>5,629,159</b>
<b>Current assets</b>			
Inventories		1,859,532	1,510,586
Trade and other receivables and prepayments	8	3,745,090	3,510,045
Prepaid lease payments		5,179	4,199
Amounts due from fellow subsidiaries		325,823	391,767
Derivative financial instruments		5,974	1,637
Taxation recoverable		–	12,074
Bank balances and cash		1,716,161	1,471,742
		<b>7,657,759</b>	<b>6,902,050</b>
<b>Current liabilities</b>			
Trade and other payables	9	994,111	892,259
Bills payable	9	644,468	600,967
Amounts due to fellow subsidiaries		3,602	4,042
Derivative financial instruments		1,171	1,184
Taxation payable		241,804	228,255
Bank borrowings – amount due within one year		1,073,293	636,634
		<b>2,958,449</b>	<b>2,363,341</b>
Net current assets		<b>4,699,310</b>	<b>4,538,709</b>
Total assets less current liabilities		<b>11,128,019</b>	<b>10,167,868</b>
<b>Non-current liability</b>			
Bank borrowings – amount due after one year		2,811,924	2,573,462
		<b>8,316,095</b>	<b>7,594,406</b>
<b>Capital and reserves</b>			
Share capital		300,000	300,000
Share premium and reserves		7,095,589	6,439,745
Equity attributable to equity holders of the Company		<b>7,395,589</b>	<b>6,739,745</b>
Minority interests		920,506	854,661
Total equity		<b>8,316,095</b>	<b>7,594,406</b>

## Condensed Consolidated Statement of Changes in Equity

### Attributable to equity holders of the Company

	Share capital	Share premium	Translation reserve	Special reserve	Statutory reserve (Note)	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2008	300,000	1,097,104	510,030	757,689	6,185	4,068,737	6,739,745	854,661	7,594,406
Exchange differences on translation of foreign operations recognised directly in equity	-	-	327,039	-	-	-	327,039	38,925	365,964
Profit for the period	-	-	-	-	-	928,805	928,805	44,226	973,031
Total recognised income for the period	-	-	327,039	-	-	928,805	1,255,844	83,151	1,338,995
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(17,306)	(17,306)
Final dividend paid for the year ended 31 December 2007	-	-	-	-	-	(600,000)	(600,000)	-	(600,000)
	-	-	-	-	-	(600,000)	(600,000)	(17,306)	(617,306)
Balance at 30 June 2008	<u>300,000</u>	<u>1,097,104</u>	<u>837,069</u>	<u>757,689</u>	<u>6,185</u>	<u>4,397,542</u>	<u>7,395,589</u>	<u>920,506</u>	<u>8,316,095</u>
Balance at 1 January 2007	300,000	1,097,104	221,722	757,689	6,185	2,555,468	4,938,168	700,936	5,639,104
Exchange differences on translation of foreign operations recognised directly in equity	-	-	117,748	-	-	-	117,748	14,369	132,117
Profit for the period	-	-	-	-	-	903,070	903,070	43,602	946,672
Total recognised income for the period	-	-	117,748	-	-	903,070	1,020,818	57,971	1,078,789
Acquisition of a subsidiary	-	-	-	-	-	-	-	19,636	19,636
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(12,353)	(12,353)
	-	-	-	-	-	-	-	7,283	7,283
Balance at 30 June 2007	<u>300,000</u>	<u>1,097,104</u>	<u>339,470</u>	<u>757,689</u>	<u>6,185</u>	<u>3,458,538</u>	<u>5,958,986</u>	<u>766,190</u>	<u>6,725,176</u>

Note: Statutory fund, which is non-distributable, is appropriated from the profit after taxation of the Company's subsidiaries established in the People's Republic of China ("PRC") (other than Hong Kong) under the applicable laws and regulations in the PRC.

## Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Net cash from operating activities	836,813	612,597
Net cash used in investing activities	(587,974)	(518,070)
Net cash used in financing activities	(4,420)	(400,614)
Net increase (decrease) in cash and cash equivalents	244,419	(306,087)
Cash and cash equivalents at the beginning of the period	<u>1,471,742</u>	<u>1,713,324</u>
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u><u>1,716,161</u></u>	<u><u>1,407,237</u></u>

Notes:

### 1. Basis of preparation and principal accounting policies

The unaudited 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 (the "HKICPA") and on a basis consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2008.

HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – INT 13	Customer Loyalty Programmes <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company (the "Directors") anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 2. Geographical and business segments

### **Geographical segments**

The analysis of the Group's revenue by geographical market based on geographical location of customers for each of the periods is as follows:

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
PRC	4,745,795	4,381,036
Other Asian countries	415,843	333,013
Europe	50,909	64,008
America	29,720	28,233
	<b>5,242,267</b>	<b>4,806,290</b>

### **Business segment**

No business segment analysis is shown as more than 90% of the Group's principal business activities is the sales of laminates and related products.

### 3. Depreciation

During the period, depreciation of approximately HK\$330.0 million (1 January 2007 to 30 June 2007: HK\$266.6 million) was charged in respect of the Group's properties, plant and equipment.

### 4. Income tax expense

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	2,530	–
Taxation arising in other jurisdictions	66,097	72,871
	<u>68,627</u>	<u>72,871</u>
Deferred taxation (Credit) charge for the period	(715)	555
	<u>67,912</u>	<u>73,426</u>

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

### 5. Interim dividend

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2008 of HK12 cents (2007: HK10 cents) per share to the shareholders whose names appear on the register of members of the Company on Thursday, 11 September 2008. The dividend warrants will be dispatched on or around Friday, 19 September 2008.

### 6. Earnings per share

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

	Six months ended 30 June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic earnings per share	<u>928,805</u>	<u>903,070</u>
	Number of shares	
	30 June 2008 '000	30 June 2007 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,000,000</u>	<u>3,000,000</u>

No diluted earnings per share has been presented as the Company does not have any dilutive potential ordinary share.

## 7. Additions to properties, plant and equipment

During the period, the Group spent approximately HK\$705.0 million (1 January 2007 to 30 June 2007: HK\$509.6 million) on acquisition of properties, plant and equipment.

## 8. Trade and other receivables and prepayments

	<b>30 June 2008 HK\$'000 (Unaudited)</b>	31 December 2007 HK\$'000 (Audited)
Trade receivables	<b>2,527,979</b>	2,460,430
Bills receivables	<b>593,890</b>	603,108
Other receivables and prepayments	<b>623,221</b>	446,507
	<b><u>3,745,090</u></b>	<u>3,510,045</u>

The Group allows credit periods of up to 120 days, depending on the products sold, to its trade customers. The following is an aged analysis of trade receivables at the balance sheet dates:

	<b>30 June 2008 HK\$'000 (Unaudited)</b>	31 December 2007 HK\$'000 (Audited)
0–90 days	<b>1,841,440</b>	1,740,770
91–180 days	<b>662,610</b>	699,835
Over 180 days	<b>23,929</b>	19,825
	<b><u>2,527,979</u></b>	<u>2,460,430</u>

All bills receivables of the Group are aged within 90 days at the balance sheet dates.

## 9. Trade and other payables and bills payable

The following is an aged analysis of trade payables at the balance sheet dates:

	<b>30 June 2008 HK\$'000 (Unaudited)</b>	31 December 2007 HK\$'000 (Audited)
0–90 days	<b>396,892</b>	413,504
91–180 days	<b>49,275</b>	33,669
Over 180 days	<b>38,924</b>	20,598
	<b><u>485,091</u></b>	<u>467,771</u>

All bills payable of the Group are aged within 90 days at the balance sheet dates.



## 10. Share options

The share option scheme of the Company (the "Scheme") was approved by the shareholders of the Company and the shareholders of Kingboard Chemical Holdings Limited ("KCHL") on 18 May 2007 and 25 June 2007 respectively. The Scheme has taken effect after obtaining the approval from the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 July 2007.

The Scheme would be valid for a period of ten years. The Board may, at its discretion, grant options to subscribe for shares in the Company to eligible participants who contribute to the long-term growth and profitability of the Company and include (i) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; (ii) any non-executive Directors (including independent non-executive Directors), any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The subscription price of the Company's share in respect of any option granted under the Scheme must be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company.

The option may be accepted by a participant within 28 days from the date of the offer for the grant of the option upon the payment of a consideration of HK\$1. An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, and in the absence of such determination, from the date upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company (excluding, for this purpose, options lapsed in accordance with the terms of the Scheme and any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

The total number of shares of the Company issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the share capital of the Company then in issue unless approved by the shareholders of the Company and KCHL in general meetings.

No share option was granted pursuant to the Scheme since its adoption.

## 11. Commitments

	<b>30 June 2008 HK\$'000 (Unaudited)</b>	31 December 2007 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for the acquisition of properties, plant and equipment	<b><u>133,237</u></b>	<u>141,932</u>

## 12. Related party transactions

The Group entered into the following significant transactions with related parties during the period:

	<b>Six months ended 30 June 2008 HK\$'000 (Unaudited)</b>	2007 HK\$'000 (Unaudited)
(i) Sales of goods to fellow subsidiaries	<b><u>1,296,017</u></b>	<u>964,004</u>
(ii) Purchases of goods from fellow subsidiaries	<b><u>129,402</u></b>	<u>77,494</u>
(iii) Rental income received from fellow subsidiaries	<b><u>264</u></b>	<u>80</u>

## BUSINESS REVIEW

On behalf of the Board of Directors, I have great pleasure to report to our shareholders another set of satisfactory results of Kingboard Laminates Holdings Limited (the "Group") for the six months ended 30 June 2008. According to the latest report of Japan Marketing Survey Co., Ltd., the Group maintained the No.1 position in the global laminate market with a market share of 11.8% in 2007. Despite a tough operating landscape in the first half of 2008 with temporary electricity disruption at certain plants located in Lianzhou, Guangdong province for about one week just before Chinese Lunar New Year and volatile commodity prices, our dedicated team persevered and made further advances in the market place. With our leading market position backed by a diverse customer portfolio across broad based applications, we are determined to leverage on our competitive strength to create more value for our shareholders.

### Financial highlights

- Revenue up 9% to exceed HK\$5.2 billion
- Profit attributable to equity holders of the Company increased by 3% to HK\$928.8 million
- Net gearing level stayed healthy at 26%
- Interim dividend per share up 20% to HK12 cents



## Performance

Laminates demand experienced slower growth in the first half of 2008 against the same period last year as weakening economic conditions in both United States and Europe dampened demand for all electronics products. Although lower demand for exports had a knock on effect on export focused economies, the overall effect was mitigated by strong domestic demand in emerging markets including China and other Asian countries.

In the first half of year 2008, laminates business achieved steady growth driven by organic expansion laid down in 2007. Revenue recorded 9% growth to HK\$5,242.3 million while volume sales achieved 8% growth with average monthly shipment reaching 8.0 million square meters. Upstream material capacity was further enhanced to strengthen our vertically integrated business model, as the new glass yarn plant in Qingyuan, Guangdong province and new glass fabric plant in Lianzhou, Guangdong province started trial production in January and June 2008 respectively. Notwithstanding higher material costs and other cost increases including fuel and wages and the start up costs for the two new plants, we attained net profit increase by 3% to HK\$928.8 million in the current reporting period.

Increase in distribution costs by 12% was in line with higher shipment volume. Finance costs of HK\$62.8 million was mainly related to interest expenses incurred on the 5-year term loan facilities of which HK\$2,735 million had been drawn as of 30 June 2008 and trust receipt loans drawn to fund our working capital requirement. Our effective tax rate was 6.5%, being slightly lower than last year.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position continued to be robust. As at 30 June 2008, net current assets and current ratio of the Group were approximately HK\$4,699.3 million (31 December 2007 – HK\$4,538.7 million) and 2.59 (31 December 2007 – 2.92) respectively.

The net working capital cycle lengthened from 121 days as at 31 December 2007 to 133 days as at 30 June 2008 on the following key metrics:


- Inventories, in terms of stock turnover days, increased to 87 days (31 December 2007 – 72 days)
- Trade receivables including amounts due from fellow subsidiaries, in terms of debtors turnover days, reduced to 99 days (31 December 2007 – 100 days)
- Trade and bills payable including amounts due to fellow subsidiaries, in terms of creditors turnover days, increased to 53 days (31 December 2007 – 51 days)

In the first half of 2008, the Group invested HK\$539 million in new production capacities and prepayments for properties, plant and equipment. As a result, the Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) increased marginally to 26% (31 December 2007 – 23%). The proportion of bank borrowings between short term and long term stood at 28%: 72% (31 December 2007: 20%:80%). Only 1% of the bank borrowings was denominated in Renminbi and the rest in Hong Kong or US dollars.

The Group continued to adopt a prudent financial management policy. We entered into interest rate swap agreements of notional amount of HK\$2 billion with reputable financial institutions in order to secure lower interest rates for part of our bank borrowings with a weighted average duration and interest rate of 3.3 years and 2.78% respectively at the end of June 2008. There was no material foreign exchange exposure to the Group during the period under review. The Group's revenue, mostly denominated in Hong Kong dollars, Renminbi and US dollars, was fairly matched with the currency requirement of operating expenses.

## PROSPECTS

In the second half of 2008, even though global economy is still very much affected by the ongoing credit crunch and inflationary pressure, domestic consumption in emerging markets especially China is expected to maintain robust growth momentum. Leveraging on our sound financial strength, excellent business model and strong operational presence in China, we have unwavering confidence in the growth prospects of the Group.



The Group currently maintains a steady laminate order book. Recent correction in commodity prices should help to facilitate cost control initiatives. Backed by our unrivaled economy of scale and competitive cost structure, we are fully convinced that there are still enormous growth opportunities in the global laminate market. The Group is planning to add new production capacity in our Lianzhou copper foil plant in the second half of 2008. In addition, our glass epoxy laminate plant in Jiangyin, Jiangsu province will increase monthly production capacity by 400,000 sheets in the third quarter of 2008 to enhance our market position in eastern China.

## **HUMAN RESOURCES**

As at 30 June 2008, the Group had a workforce of over 9,500 (31 December 2007: 8,600). The increase in headcount was in line with our ongoing expansion blueprint. In addition to offering competitive salary package, the Group grants discretionary bonuses to eligible employees based on our overall financial achievement and individual performance.

## **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 last six months.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 9 September 2008 to Thursday, 11 September 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, shareholders are reminded to ensure that all share 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 8 September 2008.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2008, the interests of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### Long Position

(a) *Ordinary shares of HK\$0.10 each of the Company ("Shares")*

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Wa	Beneficial owner	1,539,500	0.051
Mr. Cheung Kwok Keung	Beneficial owner	801,500	0.027
Mr. Cheung Ka Ho	Beneficial owner	89,000	0.003
Ms. Chan Sau Chi	Beneficial owner	60,000	0.002
Mr. Lo Ka Leong	Beneficial owner	100,000	0.003
Mr. Mok Yiu Keung, Peter ( <i>Note</i> )	Beneficial owner	100,000	0.003

*Note:* These Shares were held by his spouse.

(b) *Non-voting deferred shares of HK\$1 each of Kingboard Laminates Limited, a wholly-owned subsidiary of the Company*

Name of Director	Capacity	Number of non-voting deferred shares held ( <i>Note 1</i> )
Mr. Cheung Kwok Wa	Beneficial owner	1,058,000
Mr. Cheung Kwok Keung	Beneficial owner	529,000
Mr. Cheung Kwok Ping	Beneficial owner	952,200
Mr. Lam Ka Po	Beneficial owner	581,900

(c) Ordinary shares of HK\$0.10 each of KCHL, the ultimate holding company of the Company

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of issued ordinary shares of KCHL held</b>	<b>Approximate percentage of the issued share capital of KCHL</b>
Mr. Cheung Kwok Wa	Beneficial owner	2,045,400	0.243
Mr. Cheung Kwok Keung	Beneficial owner	1,438,852	0.171
Mr. Cheung Kwok Ping	Beneficial owner	2,093,653	0.248
Mr. Lam Ka Po	Beneficial owner	1,214,734	0.144
Mr. Cheung Ka Ho	Beneficial owner	50,000	0.006
Ms. Chan Sau Chi	Beneficial owner	10,000	0.001

(d) Share options of KCHL

<b>Name of Director</b>	<b>Capacity</b>	<b>Interest in underlying shares of KCHL pursuant to share options of KCHL</b>
Mr. Cheung Kwok Wa	Beneficial owner	2,373,600
Mr. Cheung Kwok Keung	Beneficial owner	2,624,600
Mr. Cheung Kwok Ping	Beneficial owner	2,428,600
Mr. Lam Ka Po	Beneficial owner	2,624,600

(e) Ordinary shares ("EEIC Shares") in Elec & Eltek International Company Limited ("EEIC"), a fellow subsidiary of the Company

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of issued EEIC Shares held</b>	<b>Approximate percentage of the issued share capital of EEIC</b>
Mr. Cheung Kwok Wa	Beneficial owner	278,400	0.16

(f) Share options of EEIC

<b>Name of director</b>	<b>Capacity</b>	<b>Interest in underlying EEIC Shares pursuant to share options (Note 2)</b>
Mr. Cheung Kwok Wa	Beneficial owner	973,200

Notes:

- None of the non-voting deferred shares of Kingboard Laminates Limited are held by the Group. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.
- The interests were by virtue of an aggregate of 811,000 share options accepted by the Director on 24 June 2005. The number of share options were subsequently adjusted pursuant to the 1 for 5 bonus issue by EEIC effected on 13 October 2005. The relevant Director is entitled to subscribe for EEIC Shares at an adjusted exercise price of US\$2.033 per share. The share options are exercisable in whole or in part at a staggered manner within 5 option periods, commencing on 26 November 2006, 26 November 2007, 26 November 2008, 26 November 2009 and 26 March 2010 respectively and all ending on 24 May 2010.

Other than as disclosed above, none of the Directors nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2008.



## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

### Long position

Ordinary shares of HK\$0.10 each of the Company ("Shares")

Name of shareholder	Notes	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Hallgain Management Limited ("Hallgain")	(a)	Beneficial owner	1,500,000	0.05
	(b)	Interest of controlled corporations	2,243,050,500	74.77
KCHL	(c)	Beneficial owner	6,468,500	0.22
		Interest of controlled corporations	2,236,582,000	74.55
Jamplan (BVI) Limited ("Jamplan")	(d)	Beneficial owner	2,175,000,000	72.50
		Interest of controlled corporations	61,582,000	2.05

Notes:

- At 30 June 2008, (i) no shareholders of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors are not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wa, Cheung Kwok Ping and Lam Ka Po, all of whom are Directors, are also directors of Hallgain.
- The interests are held by KCHL directly and indirectly. KCHL is owned as to approximately 31.07% of the entire issued capital of KCHL by Hallgain as at 30 June 2008.
- The interests are held by Jamplan directly and indirectly. Jamplan is a wholly-owned subsidiary of KCHL. Mr. Lam Ka Po, being a Director, is a director of Jamplan.
- The interests are indirectly held by Jamplan through its wholly-owned subsidiary, Kingboard Investments Limited ("KIL"). Messrs. Cheung Kwok Wa and Cheung Kwok Ping, being Directors, are also directors of KIL.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

## **PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2008, 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.

## **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 2008.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE**

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2008.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

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

Hong Kong, 25 August 2008



**Board of Directors:**

*Executive Directors*

Mr. Cheung Kwok Wa (*Chairman*)

Mr. Cheung Kwok Keung (*Managing Director*)

Mr. Cheung Kwok Ping

Mr. Lam Ka Po

Mr. Cheung Ka Ho

Ms. Chan Sau Chi

Mr. Liu Min

Mr. Zhou Pei Feng

*Non-executive Director*

Mr. Lo Ka Leong

*Independent non-executive Directors*

Mr. Chan Charnwut Bernard

Mr. Chan Yue Kwong, Michael

Mr. Leung Tai Chiu

Mr. Mok Yiu Keung, Peter