

KB

建滔積層板控股有限公司

KINGBOARD LAMINATES HOLDINGS LIMITED

Stock Code: 1888

Interim Report

2009



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 2009 together with the comparative figures for the corresponding period in 2008 as follows:

Condensed Consolidated Income Statement


	Notes	Six months ended 30 June	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue		3,956,895	5,242,267
Cost of sales		(2,847,180)	(3,896,679)
Gross profit		1,109,715	1,345,588
Other income		24,495	46,430
Distribution costs		(89,892)	(99,876)
Administrative costs		(174,670)	(188,378)
Discount on acquisition of additional interest in a subsidiary		4,945	–
Finance costs		(20,869)	(62,821)
Profit before taxation		853,724	1,040,943
Income tax expense	4	(59,561)	(67,912)
Profit for the period		794,163	973,031
Attributable to:			
Equity holders of the Company		818,278	928,805
Minority interests		(24,115)	44,226
		794,163	973,031
Interim dividend	5	300,000	360,000
Earnings per share	6		
Basic		HK\$0.273	HK\$0.310

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Profit for the period	<u>794,163</u>	<u>973,031</u>
Other comprehensive income:		
Exchange differences arising on translation to presentation currency	2,936	365,964
Hedging reserve:		
Fair value changes of derivatives taken from equity	(12,759)	–
Fair value changes transferred from income statement	<u>9,897</u>	<u>–</u>
Other comprehensive income for the period	<u>74</u>	<u>365,964</u>
Total comprehensive income for the period	<u><u>794,237</u></u>	<u><u>1,338,995</u></u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	818,082	1,255,844
Minority interests	<u>(23,845)</u>	<u>83,151</u>
	<u><u>794,237</u></u>	<u><u>1,338,995</u></u>

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Non-current assets			
Investment properties		42,005	42,005
Properties, plant and equipment	7	5,644,783	5,907,816
Prepaid lease payments		292,687	266,993
Available-for-sale investments		19,800	19,800
Non-current deposits		37,720	78,249
Deferred tax assets		7,524	4,675
Goodwill		238	238
		6,044,757	6,319,776
Current assets			
Inventories		1,722,787	1,668,934
Trade and other receivables and prepayments	8	2,130,484	1,941,997
Bills receivable		529,181	438,944
Prepaid lease payments		5,221	4,712
Amounts due from fellow subsidiaries		73,659	182,406
Derivative financial instruments		173	3,027
Taxation recoverable		7,063	7,063
Bank balances and cash		1,959,720	2,237,499
		6,428,288	6,484,582
Current liabilities			
Trade and other payables	9	1,023,664	837,179
Bills payable		349,236	319,765
Amounts due to fellow subsidiaries		14,527	10,818
Derivative financial instruments		37	255
Taxation payable		273,175	233,673
Bank borrowings – amount due within one year		654,736	1,078,370
		2,315,375	2,480,600
Net current assets		4,112,913	4,003,982
Total assets less current liabilities		10,157,670	10,323,758



	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Non-current liabilities		
Deferred tax liabilities	316	316
Derivative financial instruments	38,135	35,273
Bank borrowings – amount due after one year	1,479,186	2,130,024
	1,517,637	2,165,613
	8,640,033	8,158,145
Capital and reserves		
Share capital	300,000	300,000
Reserves	7,487,024	6,968,942
Equity attributable to equity holders of the Company	7,787,024	7,268,942
Minority interests	853,009	889,203
Total equity	8,640,033	8,158,145

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Hedging reserve HK\$'000	Special reserve HK\$'000	Statutory reserve (Note) HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2009	300,000	1,097,104	830,696	(35,273)	757,689	6,185	4,312,541	7,268,942	889,203	8,158,145
Exchange differences arising on translation to presentation currency	-	-	2,666	-	-	-	-	2,666	270	2,936
Hedging reserve:										
Fair value changes of derivatives taken from equity	-	-	-	(12,759)	-	-	-	(12,759)	-	(12,759)
Fair value changes transferred from income statement	-	-	-	9,897	-	-	-	9,897	-	9,897
Profit (loss) for the period	-	-	-	-	-	-	818,278	818,278	(24,115)	794,163
Total comprehensive income for the period	-	-	2,666	(2,862)	-	-	818,278	818,082	(23,845)	794,237
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(7,071)	(7,071)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	(5,278)	(5,278)
Final dividend paid for the year ended 31 December 2008	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfer	-	-	-	-	-	887	(887)	-	-	-
	-	-	-	-	-	887	(300,887)	(300,000)	(12,349)	(312,349)
Balance at 30 June 2009	<u>300,000</u>	<u>1,097,104</u>	<u>833,362</u>	<u>(38,135)</u>	<u>757,689</u>	<u>7,072</u>	<u>4,829,932</u>	<u>7,787,024</u>	<u>853,009</u>	<u>8,640,033</u>
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 arising on translation to presentation currency	-	-	327,039	-	-	-	-	327,039	38,925	365,964
Profit for the period	-	-	-	-	-	-	928,805	928,805	44,226	973,031
Total comprehensive 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>-</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>

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 (other than Hong Kong) ("PRC") under the applicable laws and regulations in the PRC.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Net cash from operating activities	1,218,486	836,813
Net cash used in investing activities	(95,647)	(587,974)
Net cash used in financing activities	(1,400,618)	(4,420)
Net (decrease) increase in cash and cash equivalents	(277,779)	244,419
Cash and cash equivalents at the beginning of the period	2,237,499	1,471,742
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u>1,959,720</u>	<u>1,716,161</u>

Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance 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 "Stock Exchange") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the accounting policies used in the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, included in the annual report of the Group for the year ended 31 December 2008. The adoption of these new standards has resulted in the following changes. The adoption of the other new and revised standards, amendments and interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

Presentation of financial statements

In the current period, the Group has adopted HKAS 1 (Revised) "Presentation of financial statements" which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of HKAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

Operating segments

In the current period, the Group has adopted Hong Kong Financial Reporting Standard (“HKFRS”) 8 “Operating segments”. HKFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker (see Note 2 for details). HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical).

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 3 (Revised)	Business combinations ¹
HK(IFRIC*) – Int 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – Int 18	Transfers of assets from customers ³

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

³ Effective for transfers on or after 1 July 2009.

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

The adoption of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary.

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

2. Segment information

The Group has adopted HKFRS 8 “Operating segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group’s operating activities are attributable to a single reporting segment focusing on manufacture and sale of laminates and related products. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies to conform with HKFRSs, that are regularly reviewed by the chief executive officer in order to allocate resources to this reportable segment and to assess its performance. Accordingly, no analysis of this single reporting segment is presented.

3. Depreciation

During the period, depreciation of approximately HK\$367.4 million (1 January 2008 to 30 June 2008: HK\$330.0 million) was charged in respect of the Group’s properties, plant and equipment.

4. Income tax expense

	Six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	730	2,530
Taxation arising in other jurisdictions	61,680	66,097
	<hr/>	<hr/>
	62,410	68,627
Deferred taxation		
Credit for the period	(2,849)	(715)
	<hr/>	<hr/>
	59,561	67,912
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) 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 2009 of HK10 cents (2008: HK12 cents) per share to the shareholders whose names appear on the register of members of the Company on Wednesday, 16 September 2009. The dividend warrants will be dispatched on or around Monday, 21 September 2009.

6. Earnings per share

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

	Six months ended 30 June	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic earnings per share	818,278	928,805
	<hr/>	<hr/>
	3,000,000	3,000,000
	<hr/>	<hr/>

	Number of shares	
	30 June 2009 '000	30 June 2008 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	3,000,000	3,000,000
	<hr/>	<hr/>

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

7. Additions to properties, plant and equipment

During the period, the Group spent approximately HK\$138.9 million (1 January 2008 to 30 June 2008: HK\$705.0 million) on acquisition of properties, plant and equipment.

8. Trade and other receivables and prepayments

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Trade receivables	1,778,828	1,762,339
Other receivables and prepayments	351,656	179,658
	<u>2,130,484</u>	<u>1,941,997</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 reporting dates:

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
0–90 days	1,349,338	1,016,067
91–180 days	399,154	717,130
Over 180 days	30,336	29,142
	<u>1,778,828</u>	<u>1,762,339</u>

9. Trade and other payables

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

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
0–90 days	382,495	299,958
91–180 days	38,822	59,123
Over 180 days	30,546	30,421
	<u>451,863</u>	<u>389,502</u>



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 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

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for the acquisition of properties, plant and equipment	15,781	132,670

12. Related party transactions

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

	Six months ended 30 June 2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
(i) Sales of goods and drilling services provided to fellow subsidiaries	808,874	1,296,017
(ii) Purchases of goods from fellow subsidiaries	173,420	129,402
(iii) Rental income received from fellow subsidiaries	–	264

BUSINESS REVIEW

On behalf of the Board of Directors, I am pleased to report to our shareholders a set of excellent results from Kingboard Laminates Holdings Limited (the "Group") for the six months ended 30 June 2009. Our consistent focus on driving down costs and efficiency enhancement enabled the Group to ride out the trough of the industry during the financial crisis. Capitalising on the ongoing consolidation of laminate industry, the Group maintained its No.1 position in the global laminate market according to the latest report of Prismark Partners LLC and advanced our global market share to 14% in 2008. Given management's prompt response to market changes as well as prudent approach to capital expenditure and working capital management, we further strengthened our financial position with strong operating cash inflow in the current period. Our remarkable operational performance in the first half of 2009 clearly demonstrated the Group's strong capability to deliver profitability throughout the business cycle. With our stable and seasoned management team, we are confident of our ability to create long term value for our shareholders.

Financial highlights

	Six months ended		Change
	30 June		
	2009	2008	
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Revenue	3,956.9	5,242.3	-25%
Profit before tax	853.7	1,040.9	-18%
Net profit attributable to shareholders	818.3	928.8	-12%
Basic earnings per share	HK27.3 cents	HK31.0 cents	-12%
Interim dividend per share	HK10.0 cents	HK12.0 cents	-17%
Dividend payout ratio	37%	39%	
Net asset value per share	HK\$2.60	HK\$2.47	+5%
Net gearing	2%	26%	

Performance

During the first half of 2009, demand for electronic products gradually improved as the massive economic stimulus measures initiated by governments worldwide started to take effect and end customers replenished their lean inventory level. Laminates demand showed encouraging uptrend towards the end of the first quarter of 2009 ("Q1 2009"). Capacity utilisation improved significantly since March 2009 and maintained at a steady level throughout the second quarter. Due to lower average selling price for laminate products against the previous year, revenue in the first half of 2009 declined 25% to HK\$3,956.9 million. Volume sales decreased 18% with average monthly shipment reaching 6.6 million square metres. Net profit decreased 12% to HK\$818.3 million.

Decline in export business was in part compensated by buoyant domestic sales in China – which contributed about 39% of the Group's sales in the first half of 2009. Paper laminates sales in particular was boosted by subsidy policies from the Chinese government on consumer products and automobiles. Key raw materials prices for laminate production including copper, wood pulp and chemical products were significantly lower than last year. Lower raw material costs and better capacity utilisation resulted in notable margin improvement in Q2 2009 against Q1 2009.

Distribution costs decreased 10% due to reduction of shipment volume. Administrative expenses decreased 7%. Finance costs decreased substantially by 67% to HK\$20.9 million mainly due to lower interest rates and repayment of bank borrowings during the first half of 2009. Effective tax rate was 7.0%, being marginally higher than last year.



LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust with positive cash inflow. As at 30 June 2009, net current assets and current ratio of the Group were approximately HK\$4,112.9 million (31 December 2008 – HK\$4,004.0 million) and 2.78 (31 December 2008 – 2.61) respectively.

The net working capital cycle increased to 143 days as at 30 June 2009 from 113 days as at 31 December 2008 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 110 days as the Group stocked up key raw materials strategically in the first half of 2009 (31 December 2008 – 75 days)
- Trade receivables including amounts due from fellow subsidiaries, in terms of debtors turnover days, increased to 85 days in line with increased sales revenue in Q2 2009 (31 December 2008 – 70 days)
- Trade and bills payable including amounts due to fellow subsidiaries, in terms of creditors turnover days, increased to 52 days (31 December 2008 – 32 days) in line with increased business volume in Q2 2009.

In the first half of 2009, with our strong operating cash inflow, we repaid approximately HK\$1 billion bank borrowings. As a result, the Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) decreased to 2% (31 December 2008 – 12%). The Group also invested HK\$138.9 million in new production capacities. The proportion of bank borrowings between short term and long term stood at 31%:69% (31 December 2008: 34%:66%). As at 30 June 2009, the Group had committed and undrawn bank loan facilities and cash on hand of HK\$1.1 billion and HK\$1.9 billion respectively. Hence, the Group is in a robust financial position to capture any opportunities arising from the ongoing market consolidation. All bank borrowings were denominated in Hong Kong or US dollars.

The Group continued to adopt a prudent financial management policy including the use of interest rate swap contract to minimise its exposure to fluctuation in interest rates movement. At the end of June 2009, we entered into interest rate swap agreements of notional amount of HK\$1.5 billion with reputable financial institutions for a weighted average duration of 1.1 years and interest rate of 2.69%. The Group also entered into commodity and foreign currency forward contracts to manage the Group's exposure to fluctuation in exchange rates and commodities prices. The fair value of these contracts amounted to HK\$140,000 as at 30 June 2009. Other than derivative financial instruments in connection with our daily operations as mentioned above, the Group had not entered into any other type of derivative financial instruments throughout the first half of 2009. 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.



HUMAN RESOURCES

As at 30 June 2009, the Group had a workforce of over 8,800 (31 December 2008: 8,000). The increase in headcount was in line with improved capacity utilisation in the first half of 2009 against the end of 2008. In addition to offering competitive salary package, the Group grants discretionary bonuses to eligible employees based on our overall financial achievement and individual performance.

PROSPECTS

Global economy has continued to show signs of recovery at the beginning of third quarter of 2009 (“Q3 2009”) – which does send positive signals that the market has turned around. For the laminate business, evidence that better times are ahead is reinforced by an uptrend in Q3 2009 order bookings over Q2 2009. In line with usual seasonality, demand for electronics products is expected to rise steadily in the months to come and the Group expects improvement in order inflow in the second half of 2009.

Our persistent effort to upgrade our capability to produce thin and high performance laminates produces encouraging results. A number of high density interconnect (“HDI”) PCB customers have utilised our laminate products for mass production. We expect to see significant sales growth from customers for these new products. This new market segment will become another strong growth impetus for the Group. Leveraging on our diversified product portfolio and competitive business model, the Group will continue to enhance its product mix and pursue expansion in the domestic China laminates market in order to take full advantage of business opportunities arising from favourable government policies.

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 Monday, 14 September 2009 to Wednesday, 16 September 2009 (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 Friday, 11 September 2009.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2009, 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 Issuers, 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	150,000	0.005

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

Name of Director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of KCHL
Mr. Cheung Kwok Wa	Beneficial owner	2,001,900	0.237
Mr. Cheung Kwok Keung	Beneficial owner	1,459,852	0.173
Mr. Cheung Kwok Ping	Beneficial owner	2,468,653	0.292
Mr. Lam Ka Po	Beneficial owner	1,749,734	0.207
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

Name of Director	Capacity	Interest in underlying shares of KCHL pursuant to share options
Mr. Cheung Kwok Wa	Beneficial owner	998,600
Mr. Cheung Kwok Keung	Beneficial owner	1,271,600
Mr. Cheung Kwok Ping	Beneficial owner	1,053,600
Mr. Lam Ka Po	Beneficial owner	589,600

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

Name of Director	Capacity	Number of issued EEIC Shares held	Approximate percentage of the issued share capital of EEIC
Mr. Cheung Kwok Wa	Beneficial owner	281,400	0.16

- (f) Share options of EEIC

Name of director	Capacity	Interest in underlying EEIC Shares pursuant to share options (Note 2)
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 of EEIC 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 EEIC 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 2009.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, 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	13,383,000	0.45
		Interest of controlled corporations	2,229,667,500	74.32
Jamplan (BVI) Limited ("Jamplan")	(d)	Beneficial owner	2,175,000,000	72.50
		Interest of a controlled corporation	54,667,500	1.82

Notes:

- At 30 June 2009, (i) no shareholder 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, being Directors, are also directors of Hallgain.
- The interests are held by KCHL directly and indirectly. KCHL is owned as to approximately 30.97% of the entire issued capital of KCHL by Hallgain as at 30 June 2009.
- 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 also 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 2009.



PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2009, 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 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") 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 2009, save for the deviation that the 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 independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in compliance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry, each Director 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 2009.

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

Hong Kong, 28 August 2009



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