建滔積層板控股有限公司

KINGBOARD LAMINATES HOLDINGS LIMITED

Stock Code: 1888

INTERIM REPORT 2018

INTERIM RESULTS

The board of directors (the "Board") of Kingboard Laminates Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017 as follows:

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	3	**9,601,347**	9,035,509
Cost of sales		**(6,971,555)**	(6,171,087)
Gross profit		**2,629,792**	2,864,422
Other income, gains and losses	5	**101,608**	53,329
Distribution costs		**(181,480)**	(170,040)
Administrative costs		**(326,881)**	(308,632)
Gain on disposal of available-for-sale investments		**–**	98,011
Loss on equity instruments at fair value through profit or loss		**(6,669)**	–
Finance costs	6	**(33,001)**	(31,376)
Profit before taxation		**2,183,369**	2,505,714
Income tax expense	8	**(400,179)**	(493,294)
Profit for the period		**1,783,190**	2,012,420
Profit for the period attributable to:			
Owners of the Company		**1,778,610**	2,008,981
Non-controlling interests		**4,580**	3,439
		1,783,190	2,012,420
Earnings per share – Basic and diluted	10	**HK$0.577**	HK$0.652

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**1,783,190**	2,012,420
Other comprehensive (expense) income for the period:		
Item that will not be reclassified to profit or loss:		
Translation reserve:		
Exchange differences arising from translation to presentation currency	**(207,128)**	422,381
Items that may be reclassified subsequently to profit or loss:		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	**–**	61,229
Fair value loss on debt instruments measured at fair value through other comprehensive income	**(230,120)**	–
Other comprehensive (expense) income for the period (net of tax)	**(437,248)**	483,610
Total comprehensive income for the period	**1,345,942**	2,496,030
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**1,394,268**	2,486,958
Non-controlling interests	**(48,326)**	9,072
	1,345,942	2,496,030

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Non-current assets			
Investment properties		1,342,974	1,344,937
Properties, plant and equipment	11	4,990,109	4,830,663
Prepaid lease payments		473,892	426,457
Available-for-sale investments		–	2,506,043
Equity instruments at fair value through profit or loss		237,990	–
Equity instruments at fair value through other comprehensive income		8,124	–
Debt instruments at fair value through other comprehensive income		2,173,109	–
Deposits paid for acquisition of properties, plant and equipment		207,634	137,868
Other non-current assets		685,318	691,213
Deferred tax assets		3,530	2,882
Goodwill		238	238
		10,122,918	9,940,301
Current assets			
Inventories		1,375,513	953,483
Trade and other receivables and prepayments	12	4,983,483	4,775,798
Bills receivables	12	2,969,795	3,150,609
Properties held for development		4,204,645	4,030,974
Available-for-sale investments		–	778,986
Debt instruments at fair value through other comprehensive income		772,200	–
Prepaid lease payments		10,731	10,291
Amounts due from fellow subsidiaries		605,015	439,356
Taxation recoverable		7,184	7,185
Bank balances and cash		5,143,770	4,464,240
		20,072,336	18,610,922

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Current liabilities			
Trade and other payables	13	2,494,386	2,732,847
Bills payables	13	247,837	460,016
Contract liabilities		3,015,726	–
Deposits received from pre-sale of residential units		–	3,372,565
Amounts due to fellow subsidiaries		48,724	46,276
Taxation payable		473,121	461,639
Bank borrowings – amount due within one year		681,367	402,110
		6,961,161	7,475,453
Net current assets		13,111,175	11,135,469
Total assets less current liabilities		23,234,093	21,075,770
Non-current liabilities			
Deferred tax liabilities		86,097	88,836
Bank borrowings – amount due after one year		5,538,462	3,000,000
		5,624,559	3,088,836
		17,609,534	17,986,934
Capital and reserves			
Share capital		308,100	308,100
Reserves		17,000,597	17,161,859
Equity attributable to owners of the Company		17,308,697	17,469,959
Non-controlling interests		300,837	516,975
Total equity		17,609,534	17,986,934

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of Company												
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Property revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Share options reserve *HK$'000*	Special reserve *HK$'000*	Statutory reserve *HK$'000* *(note a)*	Goodwill reserve *HK$'000* *(note b)*	Retained profits *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 31 December 2017 (audited)	308,100	1,711,849	1,030,328	7,268	37,934	–	757,689	311,636	199,133	13,106,022	17,469,959	516,975	17,986,934
Adjustment *(note 2)*	–	–	–	–	(8,241)	–	–	–	–	8,241	–	–	–
Balance at 1 January 2018 (restated)	308,100	1,711,849	1,030,328	7,268	29,693	–	757,689	311,636	199,133	13,114,263	17,469,959	516,975	17,986,934
Profit for the period	–	–	–	–	–	–	–	–	–	1,778,610	1,778,610	4,580	1,783,190
Exchange differences arising from translation of presentation currency	–	–	(154,222)	–	–	–	–	–	–	–	(154,222)	(52,906)	(207,128)
Fair value loss on debt instruments measured at fair value through other comprehensive income	–	–	–	–	(230,120)	–	–	–	–	–	(230,120)	–	(230,120)
Total comprehensive income (expenses) for the period	–	–	(154,222)	–	(230,120)	–	–	–	–	1,778,610	1,394,268	(48,326)	1,345,942
Acquisition of additional interests in a subsidiary *(note c)*	–	–	–	–	–	–	–	–	65,076	–	65,076	(166,095)	(101,019)
Final dividend paid for the year ended 31 December 2017	–	–	–	–	–	–	–	–	–	(1,620,606)	(1,620,606)	–	(1,620,606)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(1,717)	(1,717)
Transfer to reserve	–	–	–	–	–	–	–	57,620	–	(57,620)	–	–	–
	–	–	–	–	–	–	–	57,620	65,076	(1,678,226)	(1,555,530)	(167,812)	(1,723,342)
Balance at 30 June 2018	308,100	1,711,849	876,106	7,268	(200,427)	–	757,689	369,256	264,209	13,214,647	17,308,697	300,837	17,609,534
Balance at 1 January 2017	300,000	1,097,104	(13,089)	7,268	(14,878)	93,105	757,689	155,074	28,365	11,996,735	14,407,373	939,759	15,347,132
Profit for the period	–	–	–	–	–	–	–	–	–	2,008,981	2,008,981	3,439	2,012,420
Exchange differences arising from translation to presentation currency	–	–	416,748	–	–	–	–	–	–	–	416,748	5,633	422,381
Net changes arising from available-for-sale investments *(note d)*	–	–	–	–	61,229	–	–	–	–	–	61,229	–	61,229
Total comprehensive income for the period	–	–	416,748	–	61,229	–	–	–	–	2,008,981	2,486,958	9,072	2,496,030
Acquisition of additional interests in a subsidiary *(note c)*	–	–	–	–	–	–	–	–	170,768	–	170,768	(433,908)	(263,140)
Issue of new shares from exercise of share options	8,100	614,745	–	–	–	(93,105)	–	–	–	–	529,740	–	529,740
Final dividend paid for the year ended 31 December 2016	–	–	–	–	–	–	–	–	–	(569,985)	(569,985)	–	(569,985)
Special final dividend paid for the year ended 31 December 2016	–	–	–	–	–	–	–	–	–	(924,300)	(924,300)	–	(924,300)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(565)	(565)
Transfer to reserve	–	–	–	–	–	–	–	102,389	–	(102,389)	–	–	–
	8,100	614,745	–	–	–	(93,105)	–	102,389	170,768	(1,596,674)	(793,777)	(434,473)	(1,228,250)
Balance at 30 June 2017	308,100	1,711,849	403,659	7,268	46,351	–	757,689	257,463	199,133	12,409,042	16,100,554	514,358	16,614,912

Notes:

(a) Statutory reserve comprises statutory fund, which is non-distributable, represents capitalisation of retained profits of certain subsidiaries established in the People's Republic of China (the "PRC") for capital re-investment in these subsidiaries and funds shall be used to (i) make up prior year losses or (ii) expand production operations.

(b) Goodwill reserve represents the effect of changes in ownership in certain subsidiaries when there is no change in control.

(c) The Group acquired additional interests in a non-wholly owned subsidiary from non-controlling shareholders. As a result of the acquisition, the difference of HK$65,076,000 (six months ended 30 June 2017: HK$170,768,000) between the consideration paid of HK$101,019,000 (six months ended 30 June 2017: HK$263,140,000) and the value of non-controlling interests acquired of HK$166,095,000 (six months ended 30 June 2017: HK$433,908,000) was directly recognised in equity.

(d) Net changes arising from available-for-sale investments consist of adjustments for gain on fair value change amounting to HK$159,240,000 and gain on disposal of HK$98,011,000.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Net cash from operating activities	**349,491**	982,163
Net cash used in investing activities	**(832,356)**	(372,819)
Net cash from financing activities	**1,162,395**	243,244
Net increase in cash and cash equivalents	**679,530**	852,588
Cash and cash equivalents at the beginning of the period	**4,464,240**	4,518,270
Cash and cash equivalents at the end of the period, representing bank balances and cash	**5,143,770**	5,370,858

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in change in accounting policies, amounts reported and/or disclosures as described below.

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

- Sales of glass epoxy laminates
- Sales of paper laminates
- Sales of upstream materials
- Sales of properties
- Income from property investment

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018***
	HK$'000	***HK$'000***	***HK$'000***
	(Audited)		
Current liabilities			
Deposits received from pre-sale of residential units	3,372,565	(3,372,565)	–
Contract liabilities	–	3,372,565	3,372,565

As at 1 January 2018, advances from customers of HK$3,372,565,000 in respect of sales contracts previously included in deposits received from pre-sale of residential units were reclassified to contract liabilities.

* The amounts in this column are before the adjustments from the application of HKFRS 9.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments/receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/ receivables had been measured at amortised cost. When these debt instruments/ receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, bills receivables, amount due from fellow subsidiaries and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and bills receivables without significant financial component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 240 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI and equity instruments at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI and equity investments at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments/receivables.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed as below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments	Equity instruments at FVTPL required by HKAS 39/ HKFRS 9	Equity instruments at FVTOCI	Debt instruments at FVTOCI	Investment revaluation reserve	Retained profits
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39 (Audited)		3,285,029	–	–	–	37,934	13,106,022
Effect arising from initial application of HKFRS 9							
Reclassification							
From available-for-sale	*(a)*	(3,285,029)	223,300	8,124	3,053,605	(8,241)	8,241
Opening balance at 1 January 2018		–	223,300	8,124	3,053,605	29,693	13,114,263

Note (a): Available-for-sale investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale, of which HK$8,124,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$8,124,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which HK$8,124,000 related to unquoted equity investments previously measured at cost less impairment under HKAS 39. No fair value adjustment relating to this unquoted equity investment previously carried at cost less impairment was adjusted to equity instrument at FVTOCI and investment revaluation reserve as at 1 January 2018 because carrying value under HKAS 39 was materially equal to the fair values as at 1 January 2018.

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$223,300,000 were reclassified from available-for-sale investments to equity instruments at FVTPL. The fair value gains of HK$8,241,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits.

From AFS debt investments to FVTOCI

Listed bonds with a fair value of HK$3,053,605,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK$29,693,000 continued to accumulate in the FVTOCI reserve as at 1 January 2018.

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group applied the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables.

Loss allowances for other financial assets at amortised cost mainly comprise of other debtors, amounts due from fellow subsidiaries, short term bank deposits and bank balances, and are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

All of the Group's debt instruments at FVTOCI are listed bonds that are graded in the top credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is measured on 12m ECL basis.

The directors of the Company considered the additional expected credit loss allowance as at 1 January 2018 measured under the ECL model is insignificant.

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Sales of glass epoxy laminates	**5,821,702**	4,859,647
Sales of paper laminates	**1,171,466**	926,600
Sales of upstream materials	**1,224,603**	921,987
Sales of properties	**577,633**	1,614,626
Income from property investment	**60,913**	57,227
Others	**745,030**	655,422
	9,601,347	9,035,509

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. During the six months ended 30 June 2018, others mainly comprise drilling services, which involves the drilling of holes into the laminates required by customers, amounted to HK$92,209,000 (six month ended 30 June 2017: HK$60,096,000), sales of specialty resin amounted to HK$396,176,000 (six month ended 30 June 2017: HK$354,052,000) and licence fee income amounted to HK$60,000,000 (six month ended 30 June 2017: HK$60,000,000). 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 sales 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, loss on equity instruments at fair value through profit or loss, unallocated corporate income and expenses and finance costs).

Segment revenue and results

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

Six months ended 30 June 2018	**Laminates** *HK$'000* *(Unaudited)*	**Properties** *HK$'000* *(Unaudited)*	**Consolidated** *HK$'000* *(Unaudited)*
Segment revenue	8,962,801	638,546	9,601,347
Segment results	1,852,545	309,009	2,161,554
Loss on equity instruments at fair value through profit or loss			(6,669)
Unallocated corporate income			101,608
Unallocated corporate expenses			(40,123)
Finance costs			(33,001)
Profit before taxation			2,183,369

Six months ended 30 June 2017	Laminates *HK$'000* *(Unaudited)*	Properties *HK$'000* *(Unaudited)*	Consolidated *HK$'000* *(Unaudited)*
Segment revenue	7,363,656	1,671,853	9,035,509
Segment results	2,024,823	437,900	2,462,723
Gain on disposal of available-for-sale investments			98,011
Unallocated corporate income			53,329
Unallocated corporate expenses			(76,973)
Finance costs			(31,376)
Profit before taxation			2,505,714

For the six months ended 30 June 2018, revenue from one of the Group's customers amounted to HK$1,039,967,000 (six months ended 30 June 2017: HK$941,606,000), which individually accounted for over 10% of the Group's revenue for the period.

5. Other income, gains and losses

	Six months ended 30 June	
	2018 ***HK$'000*** ***(Unaudited)***	2017 *HK$'000* *(Unaudited)*
Other income, gains and losses include:		
Dividend income from available-for-sale investments	**–**	251
Dividend income from equity instruments at fair value through profit or loss	**2,387**	–
Interest income from available-for-sale investments	**–**	38,747
Interest income from debt instruments at fair value through other comprehensive income	**80,545**	–
Other interest income	**10,891**	9,756

6. Finance costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Interest on bank borrowings	**38,257**	36,140
Less: Amounts capitalised in the construction in progress	**(5,256)**	(4,764)
	33,001	31,376

The weighted average capitalisation rate on funds borrowed generally is 2.2% per annum (six months ended 30 June 2017: 2.2% per annum).

7. Depreciation

During the period, depreciation of approximately HK$315.0 million (six months ended 30 June 2017: HK$284.1 million) was charged in respect of the Group's properties, plant and equipment.

8. Income tax expense

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
The amount comprises:		
Hong Kong Profits Tax	**846**	1,850
Taxation arising in other jurisdiction	**402,072**	491,905
	402,918	493,755
Deferred taxation		
Credit for the period	**(2,739)**	(461)
	400,179	493,294

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

9. Dividends

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2018 of HK17.5 cents (six months ended 30 June 2017: HK32.6 cents) per share to the shareholders whose names appear on the register of members of the Company on Wednesday, 31 October 2018. The dividend warrants will be dispatched on or around Thursday, 6 December 2018.

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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period attributable to owners of the Company	**1,778,610**	2,008,981

	Number of shares	
	30 June 2018	30 June 2017
Number of ordinary shares for the purpose of calculating basic earnings per share	**3,081,000,000**	3,081,000,000

No diluted earnings per share was presented as there were no potential ordinary shares in issue for the six months ended 30 June 2018 and six months ended 30 June 2017.

11. Additions to properties, plant and equipment

During the reporting period, the Group spent approximately HK$536.6 million (six months ended 30 June 2017: HK$531.5 million) on acquisition of properties, plant and equipment.

12. Trade and other receivables and prepayments and bills receivables

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade receivables	4,198,141	4,034,814
Advance to suppliers	354,713	339,333
Interest income receivables	34,979	33,243
Prepaid expenses and deposits	257,623	241,533
Value-added tax ("VAT") recoverable	97,754	86,810
Land appreciation tax on pre-sale properties	8,814	7,035
Other receivables	31,459	33,030
	4,983,483	4,775,798
Bills receivables	2,969,795	3,150,609
	7,953,278	7,926,407

The Group allows credit periods of up to 120 days (31 December 2017: 120 days), depending on the products sold to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts based on invoice date at the end of the reporting period:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
0 – 90 days	3,139,720	3,010,539
91 – 180 days	1,004,536	968,249
Over 180 days	53,885	56,026
	4,198,141	4,034,814

Bills receivables of the Group are based on age of 0 – 90 days since invoice date (31 December 2017: 0 – 90 days) at the end of the reporting period.

13. Trade and other payables and bills payables

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade payables	**914,630**	1,081,601
Accrued expenses	**336,477**	367,892
Payables for acquisition of properties, plant and equipment	**79,948**	150,880
Receipts in advance	**131,120**	153,634
Other tax payables	**689,540**	675,426
VAT payables	**265,634**	240,026
Other payables	**77,037**	63,388
	2,494,386	2,732,847
Bills payables	**247,837**	460,016
	2,742,223	3,192,863

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
0 – 90 days	**816,869**	935,237
91 – 180 days	**66,658**	114,424
Over 180 days	**31,103**	31,940
	914,630	1,081,601

Bills payables of the Group are aged within 90 days (31 December 2017: 90 days) at the end of the reporting period.

14. Share options

The share option scheme of the Company (the "Scheme") was approved by the shareholders of the Company and the shareholders of Kingboard Holdings Limited ("KHL") on 29 May 2017. The purpose of the Scheme is to provide incentive or reward to the eligible participants of the Scheme (as listed below) for their contribution to, and continuing efforts to promote the interests of the Group.

The Scheme would be valid for a period of ten years from the effective date of the Scheme. 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) of the Company, 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.

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 ten 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 (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 total number of shares of the Company available for issue under the Scheme is 308,100,000 shares, which represents 10% of the total issued share capital of the Company as at the date of this report. As at the date of this report, no share option has been granted, exercised, cancelled or lapsed under 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 KHL in general meetings.

15. Capital and other commitments

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Capital expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition of properties, plant and equipment	**33,104**	13,835
– capital injection in an unlisted equity investment	**3,346**	3,346
	36,450	17,181
Other expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition and other expenditures relating to properties held for development	**943,525**	1,148,902
	979,975	1,166,083

16. Contingent liabilities

The Group provided guarantees amounting to approximately HK$593,445,000 as at 30 June 2018 (31 December 2017: HK$2,066,699,000) in respect of bank mortgage loans granted to purchasers of the Group's properties. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 30 June 2018 and 31 December 2017.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the relevant mortgaged properties.

17. Related party transactions

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
(i) Sales of goods and drilling services provided to fellow subsidiaries	**1,039,967**	941,606
(ii) Purchases of goods from fellow subsidiaries	**388,882**	283,093
(iii) Sales of laminates and copper to a shareholder with significant influence over the ultimate holding company	**360,287**	302,235
(iv) Purchases of drill bits and machineries from a shareholder with significant influence over the ultimate holding company	**166,091**	103,115

BUSINESS REVIEW

On behalf of the Board of Directors, I am delighted to report to our shareholders that Kingboard Laminates Holdings Limited (the "Company") and its subsidiaries (the "Group") achieved satisfactory results for the six months ended 30 June 2018 (the "Period"). According to the latest report by Prismark Partners LLC (independent third-party consultant), the Group has been ranked as the world's top laminates producer for the thirteenth consecutive year, with a global market share of 14%. Growth in the electronics sector moderated slightly as a result of the Sino-US trade war, but laminates demand continued to demonstrate strong momentum driven by automobile electronics and light-emitting diode ("LED") products. During the period, capacity optimisation of the laminates facilities in Jiangmen, Guangdong Province has been completed and helped raise its monthly output by 120,000 square metres. New glass yarn and glass fabric capacities have also been fully commissioned, recording strong external sales. These new capacities also ensured adequate in-house supply in support of an expanded production scale for glass epoxy laminates ("FR4"). Faced with relatively competitive market condition, the Group's advantage based on its vertically integrated production model has become even more evident, and has provided a strong driver for business growth.

The Group's revenue amounted to HK$9,601.3 million, an increase of 6% compared to the same period last year. Net profit attributable to owners of the Company dropped by 11% to HK$1,778.6 million owing to cost inflation throughout the Period. The Board has resolved to recommend the payment of an interim dividend of HK17.5 cents per share.

Financial Highlights

	Six months ended 30 June		
	2018	2017	Change
	HK$'million	*HK$'million*	
Revenue	**9,601.3**	9,035.5	+6%
EBITDA	**2,536.4**	2,826.6	-10%
Profit before tax	**2,183.4**	2,505.7	-13%
Net profit attributable to owners of the Company	**1,778.6**	2,009.0	-11%
Earnings per share	**HK57.7 cents**	HK65.2 cents	-11%
Interim dividend per share	**HK17.5 cents**	HK32.6 cents	-46%
Net asset value per share	**HK$5.62**	HK$5.23	+7%
	Net gearing 6%	Net cash 1,363.4	

PERFORMANCE

Both paper laminates and FR4 recorded output growth during the Period, bringing overall monthly shipments up by 5% to 9.56 million square metres. Turnover of the laminates division increased 22% to HK$8,962.8 million. However, the increase in the selling price of laminates was not able to fully offset the cost inflation of raw materials. The division's earnings before interest, tax, depreciation and amortisation ("EBITDA") therefore declined by 6% to HK$2,232.5 million.

The property division recorded partial booking of sales of Kunshan Development Zone Kingboard Yu Garden Phase 2, Huaqiao Kingboard Yu Garden Phase 4, and Jiangyin Kingboard Yu Garden. As the development of the property projects moves to completion consecutively, and with no further addition to the land bank, segment turnover declined by 62% to HK$638.5 million. EBITDA decreased 32% subsequently to HK$303.9 million.

DEBT INSTRUMENTS

As at 30 June 2018, the Group held in approximately HK$2,945 million of debt instruments, representing approximately 10% of the total assets of the Group as at 30 June 2018, which consist of mostly bonds issued mainly by companies listed on the Main Board of the Stock Exchange. The Group acquired its debt instruments through on market purchase. The Group will from time to time monitor the price movement of prices in bonds and may adjust its investment portfolio as and when appropriate.

The following table sets out the Group's major debt instruments as at 30 June 2018:

Name of debt instruments	Fair value as at 30 June 2018 *HK$'000*	Bond interest for the Period *HK$'000*
Bonds listed on Singapore Exchange Securities Trading Limited by Country Garden Holdings Limited (listed on the Stock Exchange with stock code 2007) with fixed coupon interest 4.75% per annum and maturity date on 28 September 2023	862,728	22,415
Bond listed on SGX by Guangzhou R&F Properties Co., Ltd. (HK stock code: 2777):		
(i) fixed coupon rate of 5.875% per annum and maturity date in February 2023	687,250	22,913
(ii) fixed coupon rate of 5.75% per annum and maturity date in 2022	212,940	6,727
	1,762,918	52,055

Save as the debt instruments as set out in the table above, the aggregate fair value of other equity and debt instruments held by the Group as at 30 June 2018 do not exceed 5% of the consolidated total assets of the Group as at 30 June 2018.

Based on the announcement of Country Garden Holdings Company Limited (stock code: 2007) ("CGH") dated 21 September 2016, the senior notes ("Senior Notes") were issued by CGH in September 2016, and due in 2023. The Senior Notes are listed on Singapore Exchange Securities Trading Limited and carries an interest of 4.75% per annum and interests are payable semi-annually. The proceeds from the Senior Notes was intended to be used for refinancing certain of CGH's existing indebtedness and for its general working capital purposes. According to the 2018 interim results announcement of CGH, as at 30 June 2018, its group's net gearing ratio increased from approximately 56.9% that as at 31 December 2017 to approximately 59%.

Based on the announcements of Guangzhou R&F Properties Co., Ltd. (stock code: 2777) ("GRFP") dated 13 November 2017 and 12 January 2017: (i) the senior notes ("GRFP 2023 Senior Notes") were issued by GRFP in November 2017, and due in February 2023. The GRFP 2023 Senior Notes are listed on Singapore Exchange Securities Trading Limited and carries an interest of 5.875% per annum and interests are payable semi-annually. The proceeds from the GRFP 2023 Senior Notes was intended to be used to refinance debt and for general corporate purposes of GRFP; and (ii) the senior notes ("GRFP 2022 Senior Notes") were issued by GRFP in January 2017, and due in 2022. The GRFP 2022 Senior Notes are listed on Singapore Exchange Securities Trading Limited and carries an interest of 5.75% per annum and interests are payable semi-annually. The proceeds from the GRFP 2022 Senior Notes was intended to finance GRFP's overseas projects under China's "One Belt One Road" strategy and for general corporate purposes. According to the 2018 interim report of GRFP, the net debt to total equity ratio of GRFP increased to 187.5% at 30 June 2018 from 169.6% at 31 December 2017.

For further information of the business and financial performance of the above companies, please refer to the reports and announcements referred in the above paragraphs for details. Please also refer to the respective publications of the above companies from time to time for updates on prospects and performances of the respective companies. The reports and announcements referred above do not form part of this interim report and do not constitute any publication issued by, or any opinion, advice or view of, the Company or any of its directors.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2018, net current assets and current ratio of the Group were approximately HK$13,111.2 million (31 December 2017: HK$11,135.5 million) and 2.88 (31 December 2017: 2.49) respectively.

The net working capital cycle increased to 96 days as at 30 June 2018 from 75 days as at 31 December 2017, on the following key metrics:

- Inventories, in terms of stock turnover days, was 36 days (31 December 2017: 27 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, was 91 days (31 December 2017: 90 days).
- Trade and bills payables (excluding bills payables to properties, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, was 31 days (31 December 2017: 42 days).

The Group's net gearing ratio was 6% (31 December 2017: net cash of HK$1,062.1 million). The ratio of bank borrowings between short term and long term stood at 11%:89% (31 December 2017: 12%:88%).

Cash generated from operating activities was HK$349.5 million for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$982.2 million).

Cash used in investing activities for the six months ended 30 June 2018 was HK$832.4 million (six months ended 30 June 2017: HK$372.8 million).

Cash generated from financing activities for the six months ended 30 June 2018 was HK$1,162.4 million (six months ended 30 June 2017: HK$243.2 million).

DEBT MATURITY PROFILE

The maturity profile of the Group's borrowing is set out below:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Within 1 year	643,867	359,610
Between 1 and 2 years	933,077	933,077
Between 2 and 5 years	4,642,885	2,106,923
Over 5 years	–	2,500
	6,219,829	3,402,110
Reclassification due to repayment on demand clause		
Current	681,367	402,110
Non-current	5,538,462	3,000,000
	6,219,829	3,402,110

The Group's variable-rate bank borrowings as at 30 June 2018 carry interest ranging from HIBOR + 1.02% to HIBOR + 1.60% (31 December 2017: HIBOR + 1.02% to HIBOR + 1.60%) per annum.

The effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings as at 30 June 2018 ranged from 1.75% to 3.61% (31 December 2017: 1.39% to 2.79%) per annum.

Included in bank borrowings are the following amounts denominated in currencies as indicated below:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
HK$	**6,219,829**	3,402,110

The Group continued to adopt a prudent financial management policy. The Group did not enter into any derivative financial instrument, 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.

CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK$593.4 million in aggregate as at 30 June 2018 (31 December 2017: HK$2,066.7 million) in respect of bank mortgage loans granted to purchasers of the Group's properties. Please refer to note 16 to the Group's unaudited consolidated financial statements for the Period in this report for further details of such guarantees.

HUMAN RESOURCES

As at 30 June 2018, the Group had approximately 10,200 (31 December 2017: 9,900) employees. 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.

During the Period, the company secretary of the Company was changed from Mr. Leung Yu Hin to Mr. Lam Ting Hin, which took effect on 2 January 2018. Please refer to the Company's announcement dated 2 January 2018 for Mr. Lam's profile.

PROSPECTS

As the peak season in the second half of the year arrives, the Group has begun to adjust its product prices upward. It is anticipated that there will be further room for increases in the selling prices. The Group's new laminates facilities in Thailand will be commissioned in the second half of the year, adding a monthly capacity of 360,000 square metres of laminates to the Group's output. This additional output will be designated mainly for overseas sales. The Group will focus on the expansion of high-value-added thin, halogen-free and high-temperature resistant laminates, and will step up efforts to upgrade its product portfolio in order to stay relevant to market demand changes. The Group looks forward to maintaining growth momentum through these market-driven developments.

The residential projects in Kunshan, Jiangsu Province will be launched for sale as planned, with related work progressing smoothly. The Group currently does not intend to increase its land bank. With the subsequent decrease in construction expenses, the property division will continue to generate net cash inflow.

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 Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 30 October 2018 to Wednesday, 31 October 2018 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim 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 Monday, 29 October 2018. The Company expects that the dividends will be paid on or around 6 December 2018.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, the interests of the Directors (including the Managing Director of the Company) 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 (the "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[1]	Beneficial owner/ Interest of spouse	6,712,000	0.218
Mr. Cheung Kwok Keung	Beneficial owner	897,000	0.029
Mr. Cheung Kwok Ping	Beneficial owner	1,000,000	0.032
Mr. Lam Ka Po	Beneficial owner	1,803,000	0.059
Mr. Cheung Ka Ho	Beneficial owner	2,000	0.00006
Mr. Zhang Lu Fu	Beneficial owner	10,000	0.0003

Note:

1 75,000 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
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

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.

(c) Ordinary shares of HK$0.10 each of Kingboard Holdings Limited ("KHL"), 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 KHL
Mr. Cheung Kwok Wa[1]	Beneficial owner/ Interest of spouse	4,031,320	0.378
Mr. Cheung Kwok Keung	Beneficial owner	2,518,122	0.236
Mr. Cheung Kwok Ping[2]	Beneficial owner/ Interest of spouse	4,656,383	0.437
Mr. Lam Ka Po	Beneficial owner	2,991,360	0.280
Mr. Cheung Ka Ho	Beneficial owner	384,000	0.036
Mr. Liu Min[3]	Beneficial owner/ Interest of spouse	650,300	0.061

Notes:

1 74,400 KHL's shares were held by his spouse.
2 36,000 KHL's shares were held by his spouse.
3 207,800 KHL's shares were held by his spouse.

(d) Ordinary shares ("EEIC Shares") in the share capital of 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	706,200	0.378
Mr. Cheung Kwok Ping	Beneficial owner	520,000	0.278
Mr. Lam Ka Po	Beneficial owner	486,600	0.260

Other than as disclosed above, none of the Directors (including the Managing Director of the Company) nor their respective associate, had any interests or short position 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 2018.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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 (including the Managing Director of the Company), the following shareholders had notified the Company of their relevant interests in the issued share capital 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) & (b)*	Interest of controlled corporations	2,149,521,500(L)	69.77
KHL		Beneficial owner	71,698,500(L)	2.33
	(c)	Interest of controlled corporations	2,077,823,000(L)	67.44
Jamplan (BVI) Limited ("Jamplan")		Beneficial owner	1,790,000,000(L)	58.10
	(d)	Interest of controlled corporation	287,823,000(L)	9.34
Capital Research and Management Company		Investment manager	177,205,851(L)	5.75

(L) The letter "L" denotes a long position.

Notes:

(a) At 30 June 2018, (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, all of whom are Directors, are also directors of Hallgain.

(b) The interests are held by KHL directly and indirectly. KHL is owned as to approximately 37.85% of the entire issued capital of KHL by Hallgain as at 30 June 2018.

(c) The interests are held by Jamplan directly and indirectly. Jamplan is a wholly-owned subsidiary of KHL. Mr. Lam Ka Po, being a Director, is also a director of Jamplan.

(d) 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 which fall to be disclosed to the Company under Section 336 of the SFO in the issued share capital of the Company as at 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2018, 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 interim report, 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 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 "CG Code") throughout the six-month period ended 30 June 2018, save for the deviation from code A.4.1 of the CG Code, since the independent non-executive Directors are not appointed for specific terms. 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 meeting, in accordance with the Company's Articles of Association. As such, the Company considers that steps have been taken with a view to ensure that the Company's corporate governance practices are in line with the CG 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"). Having made specific enquiry of all Directors, 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-month period ended 30 June 2018.

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

Hong Kong, 24 August 2018

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
Mr. Liu Min
Mr. Zhou Pei Feng

Non-executive Director
Mr. Lo Ka Leong

Independent non-executive Directors
Mr. Leung Tai Chiu
Mr. Ip Shu Kwan, Stephen
Mr. Zhang Lu Fu
Mr. Lau Ping Cheung, Kaizer