

KB 建滔積層板控股有限公司

KINGBOARD LAMINATES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1888



INTERIM REPORT
2019

INTERIM 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 2019 together with the comparative figures for the corresponding period in 2018 as follows:

Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
		2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Revenue	3	7,631,220	9,684,280
Cost of sales		(5,782,403)	(6,971,555)
Gross profit		1,848,817	2,712,725
Other income, gains and losses	5	7,854	18,675
Distribution costs		(168,811)	(181,480)
Administrative costs		(309,003)	(326,881)
Gain (Loss) on fair value changes of equity instruments at fair value through profit or loss		22,410	(7,046)
Gain on disposal of debt instruments at fair value through other comprehensive income		2,699	377
Finance costs	6	(69,289)	(33,001)
Profit before taxation		1,334,677	2,183,369
Income tax expense	8	(248,202)	(400,179)
Profit for the period		<u>1,086,475</u>	<u>1,783,190</u>
Profit for the period attributable to:			
Owners of the Company		1,082,085	1,778,610
Non-controlling interests		4,390	4,580
		<u>1,086,475</u>	<u>1,783,190</u>
Earnings per share – Basic and diluted	10	<u>HK\$0.351</u>	<u>HK\$0.577</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,086,475</u>	<u>1,783,190</u>
Other comprehensive income (expenses) for the period:		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(242)	(207,128)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value gain (loss) on debt instruments measured at fair value through other comprehensive income	<u>507,655</u>	<u>(230,120)</u>
Other comprehensive income (expenses) for the period (net of tax)	<u>507,413</u>	<u>(437,248)</u>
Total comprehensive income for the period	<u><u>1,593,888</u></u>	<u><u>1,345,942</u></u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	<u>1,588,775</u>	1,394,268
Non-controlling interests	<u>5,113</u>	<u>(48,326)</u>
	<u><u>1,593,888</u></u>	<u><u>1,345,942</u></u>

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Non-current assets			
Investment properties		1,397,416	1,387,842
Properties, plant and equipment	11	4,841,830	4,818,717
Right-of-use assets		544,074	–
Prepaid lease payments		–	501,650
Equity instruments at fair value through profit or loss		411,241	284,776
Equity instruments at fair value through other comprehensive income		8,124	8,124
Debt instruments at fair value through other comprehensive income		6,589,723	6,134,659
Deposits paid for acquisition of properties, plant and equipment		66,595	10,487
Deferred tax assets		3,367	3,527
Goodwill		238	238
		13,862,608	13,150,020
Current assets			
Inventories		1,912,746	1,710,503
Trade and other receivables and prepayments	12	4,226,586	4,244,165
Bills receivables	12	2,195,702	2,944,491
Properties held for development		2,396,362	2,134,666
Other current assets		656,835	659,429
Debt instruments at fair value through other comprehensive income		32,896	–
Prepaid lease payments		–	10,004
Amounts due from fellow subsidiaries		61,367	58,158
Taxation recoverable		8,837	7,180
Bank balances and cash		2,686,987	3,803,125
		14,178,318	15,571,721

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	13	2,603,869	3,195,776
Bills payables	13	288,148	248,352
Contract liabilities		1,287,811	1,049,071
Lease liabilities		517	–
Amounts due to fellow subsidiaries		46,013	48,378
Taxation payable		420,107	409,156
Bank borrowings – amount due within one year		1,098,297	1,065,577
		<u>5,744,762</u>	<u>6,016,310</u>
Net current assets		<u>8,433,556</u>	<u>9,555,411</u>
Total assets less current liabilities		<u>22,296,164</u>	<u>22,705,431</u>
Non-current liabilities			
Lease liabilities		1,736	–
Deferred tax liabilities		82,204	85,506
Bank borrowings – amount due after one year		4,115,385	4,776,923
		<u>4,199,325</u>	<u>4,862,429</u>
		<u>18,096,839</u>	<u>17,843,002</u>
Capital and reserves			
Share capital		308,100	308,100
Reserves		17,735,991	17,191,472
Equity attributable to owners of the Company		<u>18,044,091</u>	<u>17,499,572</u>
Non-controlling interests		<u>52,748</u>	<u>343,430</u>
Total equity		<u>18,096,839</u>	<u>17,843,002</u>

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Property revaluation reserve	Investment revaluation reserve	Special reserve	Statutory reserve	Goodwill reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019	308,100	1,711,849	239,369	7,268	(292,627)	757,689	473,921	251,425	14,042,578	17,499,572	343,430	17,843,002
Profit for the period	-	-	-	-	-	-	-	-	1,082,085	1,082,085	4,390	1,086,475
Exchange differences arising from translation to presentation currency	-	-	(965)	-	-	-	-	-	-	(965)	723	(242)
Fair value gain on debt instruments measured at fair value through other comprehensive income	-	-	-	-	507,655	-	-	-	-	507,655	-	507,655
Total comprehensive income (expenses) for the period	-	-	(965)	-	507,655	-	-	-	1,082,085	1,588,775	5,113	1,593,888
Acquisition of additional interests in a subsidiary (note c)	-	-	-	-	-	-	-	34,094	-	34,094	(293,917)	(259,823)
Final dividend paid for the year ended 31 December 2018	-	-	-	-	-	-	-	-	(1,078,350)	(1,078,350)	-	(1,078,350)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,878)	(1,878)
Transfer to reserve	-	-	-	-	-	-	100,119	-	(100,119)	-	-	-
	-	-	-	-	-	-	100,119	34,094	(1,178,469)	(1,044,256)	(295,795)	(1,340,051)
Balance at 30 June 2019	308,100	1,711,849	238,404	7,268	215,028	757,689	574,040	285,519	13,946,194	18,044,091	52,748	18,096,839
Balance at 1 January 2018	308,100	1,711,849	1,030,328	7,268	37,934	757,689	311,636	199,133	13,106,022	17,469,969	516,975	17,986,934
Adjustments due to adopting new standards	-	-	-	-	(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	17,469,969	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 to 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

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 which 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\$34,094,000 (six months ended 30 June 2018: HK\$65,076,000) between the consideration paid of HK\$259,823,000 (six months ended 30 June 2018: HK\$101,019,000) and the value of non-controlling interests acquired of HK\$293,917,000 (six months ended 30 June 2018: HK\$166,095,000) was directly recognised as equity in the goodwill reserve.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash from operating activities	1,152,213	349,491
Net cash used in investing activities	(490,016)	(832,356)
Net cash (used in) from financing activities	(1,778,335)	1,162,395
Net (decrease) increase in cash and cash equivalents	(1,116,138)	679,530
Cash and cash equivalents at the beginning of the period	3,803,125	4,464,240
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u>2,686,987</u>	<u>5,143,770</u>

Notes:

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

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 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Revenue

Analysis of revenue for the period is as follows:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	4,317,259	5,821,702
Sales of paper laminates	981,863	1,171,466
Sales of upstream materials	947,627	1,224,603
Sales of properties	341,270	577,633
Others (note a)	633,941	592,821
Revenue recognised overtime (note b)	71,357	119,446
Revenue from contracts with customers	7,293,317	9,507,671
Interest income from debt instruments (note c)	235,159	80,545
Dividend income (note c)	9,563	2,388
Rental and licence fee income	93,181	93,676
	7,631,220	9,684,280

Sales of laminates include glass epoxy laminates and paper laminates. Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper.

Notes:

- (a) Others mainly includes sales of specialty resin of HK\$390,582,000 (six months ended 30 June 2018: HK\$396,176,000) and income from food and beverage sales from hotel operation.
- (b) Revenue recognised overtime mainly represents income from drilling services of HK\$39,874,000 (six months ended 30 June 2018: HK\$92,209,000) and income from hotel accommodation of HK\$31,483,000 (six months ended 30 June 2018: HK\$27,237,000).
- (c) During the period, the Group reorganised its internal reporting structure which resulted in recognition of an additional reportable segment, the investment business segment, details set out in note 4 below. The Directors consider its investment activities are a part of the Group's principal business activities and accordingly interest income from debt instruments calculated using effective interest method and dividend income from equity investments which was previously included in other income, gains and losses has been reclassified to revenue.

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 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 are organised into three main operating divisions – (i) manufacturing and sale of laminates; (ii) properties; and (iii) investments. The management aggregated the sales of properties, rental and hotel income business into one reportable segment because the financial performance of these businesses are affected by changes in the property market. 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 (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 2019	Laminates HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>6,980,563</u>	<u>405,935</u>	<u>244,722</u>	<u>7,631,220</u>
Segment results	<u>981,061</u>	<u>186,849</u>	<u>244,179</u>	1,412,089
Unallocated corporate income				18,685
Unallocated corporate expenses				(26,808)
Finance costs				<u>(69,289)</u>
Profit before taxation				<u>1,334,677</u>

Six months ended 30 June 2018	Laminates <i>HK\$'000</i> <i>(Unaudited)</i>	Properties <i>HK\$'000</i> <i>(Unaudited)</i>	Investments <i>HK\$'000</i> <i>(Unaudited)</i>	Consolidated <i>HK\$'000</i> <i>(Unaudited)</i> <i>(Restated)</i>
Segment revenue	<u>8,962,801</u>	<u>638,546</u>	<u>82,933</u>	<u>9,684,280</u>
Segment results	<u>1,852,545</u>	<u>309,009</u>	<u>77,253</u>	2,238,807
Unallocated corporate income				16,288
Unallocated corporate expenses				(38,725)
Finance costs				<u>(33,001)</u>
Profit before taxation				<u>2,183,369</u>

For the six months ended 30 June 2019, revenue from one of the Group's customers amounted to HK\$1,025,573,000 (six months ended 30 June 2018: HK\$1,039,967,000), which individually accounted for more than 10% of the Group's revenue for the period.

5. Other income, gains and losses

	Six months ended 30 June	
	2019 <i>HK\$'000</i> <i>(Unaudited)</i>	2018 <i>HK\$'000</i> <i>(Unaudited)</i>
Other income, gains and losses include:		
Interest income on bank balances and deposits	18,944	10,891
Loss on disposal and write off of properties, plant and equipment	<u>(8,527)</u>	<u>(1,856)</u>

6. Finance costs

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on bank borrowings	76,049	38,257
Imputed interest on contract liabilities	2,137	–
Less: Amounts capitalised in the construction in progress	(6,760)	(5,256)
Less: Amounts capitalised in the properties held for development	(2,137)	–
	<u>69,289</u>	<u>33,001</u>

Bank borrowing costs capitalised during the period includes the bank borrowing costs of HK\$2,137,000 (six months ended 30 June 2018: nil) which arose from a bank borrowing specific for a property development project and interest on advance payment received from customers of HK\$2,137,000 (six months ended 30 June 2018: nil) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 2.7% (six months ended 30 June 2018: 2.2%) per annum to expenditure on qualifying assets.

7. Depreciation

During the period, depreciation of approximately HK\$273.7 million (six months ended 30 June 2018: HK\$315.0 million) was charged in respect of the Group's properties, plant and equipment.

8. Income tax expense

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	7,528	846
Taxation arising in other jurisdictions	244,217	402,072
	<u>251,745</u>	<u>402,918</u>
Deferred taxation		
Credit for the period	(3,543)	(2,739)
	<u>248,202</u>	<u>400,179</u>

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

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

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

9. Dividends

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2019 of HK 10.0 cents (six months ended 30 June 2018: HK17.5 cents) per share to the shareholders whose names appear on the register of members of the Company on Thursday, 10 October 2019. The dividend warrants will be dispatched on or around Tuesday, 5 November 2019.

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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	<u>1,082,085</u>	<u>1,778,610</u>
	Number of shares	
	30 June 2019 '000	30 June 2018 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,081,000</u>	<u>3,081,000</u>

For the six months ended 30 June 2019, the computation of diluted earnings per share did not assume the exercise of the Company's share options because the exercise price of these share options was higher than the average market price. No diluted earnings per share for the six months ended 30 June 2018 was presented as there were no potential ordinary shares in issue for the period.

11. Additions to properties, plant and equipment

During the reporting period, the Group spent approximately HK\$312.2 million (six months ended 30 June 2018: HK\$536.6 million) on acquisition of properties, plant and equipment.

12. Trade and other receivables and prepayments and bills receivables

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade receivables	3,635,432	3,758,054
Less: Allowance for credit losses	(500,747)	(464,486)
	3,134,685	3,293,568
Trade receivables, net		
Advance to suppliers	387,801	364,380
Interest income receivables	105,818	106,632
Prepaid expenses and deposits	312,217	278,070
Value-added tax ("VAT") recoverables	245,968	162,933
Other receivables	40,097	38,582
	4,226,586	4,244,165
Bills receivables	2,195,702	2,944,491
	6,422,288	7,188,656

The Group allows credit periods of up to 120 days (31 December 2018: 120 days), depending on the products sold to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
0-90 days	2,167,302	2,228,048
91-180 days	911,500	1,007,284
Over 180 days	55,883	58,236
	3,134,685	3,293,568

Bills receivables of the Group are aged within 90 days (31 December 2018: 90 days) since invoice date at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

13. Trade and other payables and bills payables

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Trade payables	1,115,926	1,284,816
Accrued expenses	410,410	418,684
Payables for acquisition of properties, plant and equipment	56,714	63,111
Other tax payables	689,406	637,737
VAT payables	119,843	154,686
Land appreciation tax payables	157,141	457,990
Other payables	54,429	178,752
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	2,603,869	3,195,776
Bills payables	288,148	248,352
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	2,892,017	3,444,128
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The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
0–90 days	994,905	1,178,684
91–180 days	72,170	49,192
Over 180 days	48,851	56,940
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	1,115,926	1,284,816
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Bills payables of the Group are aged within 90 days (31 December 2018: 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.

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.

A summary of movements of the number of options for the Period is as follows:

Date of grant	Grant during the period	Exercise price per share	Balance at 30 June 2019	Exercisable period
<i>Grant to directors</i>				
3 April 2019				
Mr. Cheung Kwok Wa	6,000,000	HK\$8.39	6,000,000	3 April 2019 to 2 April 2029
Mr. Cheung Kwok Keung	6,000,000	HK\$8.39	6,000,000	3 April 2019 to 2 April 2029
Mr. Cheung Kwok Ping	5,000,000	HK\$8.39	5,000,000	3 April 2019 to 2 April 2029
Mr. Lam Ka Po	5,000,000	HK\$8.39	5,000,000	3 April 2019 to 2 April 2029
Mr. Cheung Ka Ho	2,000,000	HK\$8.39	2,000,000	3 April 2019 to 2 April 2029
Mr. Leung Tai Chiu	550,000	HK\$8.39	550,000	3 April 2019 to 2 April 2029
Mr. Ip Shu Kwan, Stephen	550,000	HK\$8.39	550,000	3 April 2019 to 2 April 2029
Mr. Zhang Lu Fu	550,000	HK\$8.39	550,000	3 April 2019 to 2 April 2029
Mr. Lau Ping Cheung, Kaizer	<u>550,000</u>	HK\$8.39	<u>550,000</u>	3 April 2019 to 2 April 2029
	26,200,000		26,200,000	
<i>Grant to employees</i>				
3 April 2019				
	<u>12,800,000</u>	HK\$8.39	<u>12,800,000</u>	3 April 2019 to 2 April 2029
	<u>39,000,000</u>		<u>39,000,000</u>	
Exercisable at 30 June 2019	<u><u>39,000,000</u></u>			

Note:

The fair value of the options granted under the Scheme during the Period was HK\$17,807,400 (HK\$0.4566 each) (options granted within the period of the 6 months ended 30 June 2018: Nil).

The fair value of the options granted under the Scheme during the Period was estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	During the Period
Dividend yield (%)	6.26%
Expected volatility (%)	18.83%
Risk-free interest rate (%)	2.07%

The measurement date of the options disclosed herein is the date of grant of these options.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

Save as disclosed, there has been no option granted or outstanding under the Scheme. During the Period, no option has lapsed or has been cancelled or exercised under the Scheme.

15. Capital and other commitments

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition of properties, plant and equipment	13,589	30,634
Other expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition and other expenditures relating to properties held for development	329,456	479,860
	343,045	510,494

16. Contingent liabilities

The Group provided guarantees amounting to approximately HK\$312,817,000 as at 30 June 2019 (31 December 2018: HK\$320,824,000) 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 2019 and 31 December 2018.

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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(i) Sales of goods and drilling services provided to fellow subsidiaries	<u>1,025,573</u>	<u>1,039,967</u>
(ii) Purchases of goods from fellow subsidiaries	<u>305,323</u>	<u>388,882</u>
(iii) Sales of laminates and copper to a shareholder with significant influence over the ultimate holding company	<u>281,234</u>	<u>360,287</u>
(iv) Purchases of drill bits and machineries from a shareholder with significant influence over the ultimate holding company	<u>123,759</u>	<u>166,091</u>

BUSINESS REVIEW

On behalf of the Board of Directors, I am delighted to report that Kingboard Laminates Holdings Limited (the “Company”) and its subsidiaries (the “Group”) achieved steady progress during the six months ended 30 June 2019 (the “Period”). According to the latest report by Prismark Partners LLC (an independent third-party consultant), the Group has been ranked as the world’s top laminates producer for the fourteenth consecutive year, with a global market share of 14%. During the Period, trade disputes and slower economic growth continued to affect the electronics industry. Abating consumption in electronic products, such as automobiles and home appliances weakened the demand of laminates. Nevertheless, the Group was able to respond rapidly to the market changes. On the back of its vertically integrated production model, the Group was also able to reduce unit cost by maintaining high production efficiencies and facilities utilisation. Leveraging on a strong cost advantage, the Group has opted to make reasonable price adjustments in order to ensure an efficient output turnover, thus maintaining stable laminates shipments during the Period. The market was in a position of acute supply shortage, giving a strong boost to unit product prices last year. However, the gap between supply and demand in the first half of this year has narrowed. Taking into account high comparative figures of the same period last year, the period-over-period price of certain products fell, thus overall performance showed a decline.

The Group’s revenue amounted to HK\$7,631.2 million, a decrease of 21% compared to the corresponding period last year. Net profit attributable to owners of the Company dropped 39% to HK\$1,082.1 million. Considering that the Group maintains a strong financial position, the Board has resolved to recommend the payment of an interim dividend of HK10.0 cents per share.

Financial Highlights

	Six months ended 30 June		
	2019 <i>HK\$'million</i>	2018 <i>HK\$'million</i> <i>(Restated)</i>	Change
Revenue	7,631.2	9,684.3	-21%
EBITDA	1,683.1	2,536.4	-34%
Profit before tax	1,334.7	2,183.4	-39%
Net profit attributable to owners of the Company	1,082.1	1,778.6	-39%
Earnings per share	HK35.1 cents	HK57.7 cents	-39%
Interim dividend per share	HK10.0 cents	HK17.5 cents	-43%
Net asset value per share	HK\$5.86	HK\$5.62	+4%
Net gearing	14%	6%	

PERFORMANCE

Laminates shipments remained in similar ranges as during the corresponding period last year, with monthly shipments averaging 9.47 million square metres. However, as there was a decrease in the average unit price, turnover of the laminates division decreased by 22% to HK\$6,980.6 million. The division's earnings before interest, tax, depreciation and amortisation ("EBITDA") also declined by 45% to HK\$1,237.5 million.

The property division recorded partial booking of sales of Kunshan Development Zone Kingboard Yu Garden Phase 3 and Huaqiao Kingboard Yu Garden Phase 4 during the Period. As the delivery of completed units declined during the Period, segment turnover dropped 36% to HK\$405.9 million, with EBITDA down by 37% to HK\$191.3 million.

DEBT INSTRUMENTS

As at 30 June 2019, the Group held in approximately HK\$6,623 million of debt instruments, representing approximately 23.6% of the total assets of the Group as at 30 June 2019, 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 purchases. The Group will from time to time monitor the 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 2019:

Name of debt instruments	Fair value as at 30 June 2019 HK\$'000	Bond interest for the Period HK\$'000
Bonds listed on Singapore Exchange Securities Trading Limited ("SGX") by Country Garden Holdings Limited (HK stock code: 2007)		
(i) fixed coupon interest 4.75% per annum and maturity date in September 2023	919,629	22,415
(ii) fixed coupon interest 7.125% per annum and maturity date in January 2022	1,306,873	44,417
(iii) fixed coupon interest 8% per annum and maturity date on January 2024	1,345,047	49,871
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	743,473	22,913
(ii) fixed coupon rate of 5.75% per annum and maturity date in January 2022	229,956	6,727
(iii) fixed coupon rate of 7% per annum and maturity date in April 2021	158,884	5,460
(iv) fixed coupon rate of 8.875% per annum and maturity date in September 2021	803,888	34,157
	<u>5,507,750</u>	<u>185,960</u>

Save as the investments as set out in the table above, the Group did not hold any significant investments in the equity or debt instruments of other companies during the six months ended 30 June 2019.

Based on the announcement of Country Garden Holdings Company Limited (stock code: 2007) (“CGH”) dated 21 September 2016, 19 September 2018 and 2 October 2018: (i) the senior notes (“CGH September 2023 Senior Notes”) were issued by CGH in September 2016, and due in September 2023. The CGH September 2023 Senior Notes are listed on the SGX and carries an interest of 4.75% per annum and interests are payable semi-annually. The proceeds from the CGH September 2023 Senior Notes was intended to be used for refinancing certain of CGH’s existing indebtedness and for its general working capital purposes. (ii) the senior notes (“CGH January 2022 Senior Notes”) were issued by CGH in September 2018, and due in January 2022. The CGH January 2022 Senior Notes are listed on the SGX and carries an interest of 7.125% per annum and interests are payable semi-annually. The proceeds from the CGH January 2022 Senior Notes were intended to be used for refinancing CGH’s existing offshore indebtedness; and (iii) the senior notes (“CGH January 2024 Senior Notes”) were issued by CGH in September 2018, and due in January 2024. The CGH January 2024 Senior Notes are listed on the SGX and carries an interest of 8% per annum and interests are payable semi-annually. The proceeds from the CGH January 2024 Senior Notes were intended to be used mainly for refinancing CGH’s existing offshore indebtedness. According to the 2019 interim results announcement of CGH, as at 30 June 2019, its group’s net gearing ratio increased from approximately 50% as at 31 December 2018 to approximately 59%.

Based on the announcements of Guangzhou R&F Properties Co., Ltd. (stock code: 2777) (“GRFP”) dated 13 November 2017, 12 January 2017, 18 April 2018 and 19 September 2018: (i) the senior notes (“GRFP February 2023 Senior Notes”) were issued by GRFP in November 2017, and due in February 2023. The GRFP February 2023 Senior Notes are listed on SGX and carries an interest of 5.875% per annum and interests are payable semi-annually. The proceeds from the GRFP February 2023 Senior Notes was intended to be used to refinance debt and for general corporate purposes of GRFP; (ii) the senior notes (“GRFP January 2022 Senior Notes”) were issued by GRFP in January 2017, and due in January 2022. The GRFP January 2022 Senior Notes are listed on SGX and carries an interest of 5.75% per annum and interests are payable semi-annually. The proceeds from the GRFP January 2022 Senior Notes was intended to finance GRFP’s overseas projects under China’s “One Belt One Road” strategy and for general corporate purposes; (iii) the senior notes due April 2021 (“GRFP April 2021 Senior Notes”) were issued by GRFP in April 2018, and due in April 2021. The GRFP April 2021 Senior Notes is listed on the SGX and carries an interest of 7% per annum and interests are payable semi-annually. The proceeds from GRFP April 2021 Senior Notes was intended to finance debt and for general corporate purposes; and (iv) the senior notes due September 2021 (“GRFP September 2021 Senior Notes”) were issued by GRFP in September 2018, and due in September 2021. The GRFP September 2021 Senior Notes is listed on the SGX and carries an interest of 8.875% per annum and interests are payable semi-annually. The net proceeds from GRFP September 2021 Senior Notes was mainly for offshore refinancing. According to the 2019 interim results announcement of GRFP, the net debt to total equity ratio of GRFP increased to 219% at 30 June 2019 from 184% at 31 December 2018.

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 2019, net current assets and current ratio of the Group were approximately HK\$8,433.6 million (31 December 2018: HK\$9,555.4 million) and 2.47 (31 December 2018: 2.59) respectively.

The net working capital cycle increased to 93 days as at 30 June 2019 from 63 days as at 31 December 2018, on the following key metrics:

- Inventories, in terms of stock turnover days, were 60 days (31 December 2018: 41 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 76 days (31 December 2018: 59 days).
- Trade and bills payables (excluding bills payable to properties, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, was 43 days (31 December 2018: 37 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) was 14% (31 December 2018: 11%). The ratio of bank borrowings between short term and long term stood at 21%:79% (31 December 2018: 18%:82%).

The Group continued to adopt a prudent financial management policy. The Group did not enter into any material types of derivative financial instrument, nor did it 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.

DEBT MATURITY PROFILE

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within one year	1,070,796	1,033,077
More than one year, but not more than two years	933,077	933,077
More than two years but not more than five years	3,209,809	3,871,346
More than five years	–	5,000
	<u>5,213,682</u>	<u>5,842,500</u>
<i>Reclassification due to repayment on demand clause</i>		
Current	1,098,297	1,065,577
Non-current	4,115,385	4,776,923
	<u>5,213,682</u>	<u>5,842,500</u>

The Group's variable-rate bank borrowings as at 30 June 2019 carry interest ranged from HIBOR + 1.02% to HIBOR + 1.50% (31 December 2018: 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 2019 ranged from 2.02% to 4.03% (31 December 2018: 1.75% to 3.74%) per annum.

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
HK\$	<u>5,213,682</u>	<u>5,842,500</u>

CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK\$312.8 million in aggregate as at 30 June 2019 (31 December 2018: HK\$320.8 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 2019, the Group had approximately 10,100 (31 December 2018: 10,200) 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.

PROSPECTS

Despite some uncertainty in the recovery of demand for electronic products in the second half of the year, the sector's future prospects remain optimistic given the arrival of the 5G telecommunications era and the development of the Internet of Things. The Group will therefore conduct capacity expansion planning accordingly. In Guangdong Province, copper foil capacity for the Lianzhou plant, is planned to increase by 1,200 tonnes per month; meanwhile, production lines will be added to the plant in Jiangmen to raise glass epoxy laminates ("FR4") output by 400,000 sheets metres per month. With its vertically integrated production model, the Group is capable of taking advantage of the market downturn to upgrade its product mix and expand client coverage, which will help it to build up new growth momentum.

The sale of residential projects in Kunshan, Jiangsu Province, will proceed as planned, recording smooth progress. Anticipating a 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 Wednesday, 9 October 2019 to Thursday, 10 October 2019 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 8 October 2019.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2019, 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	4,237,000	0.138
Mr. Cheung Kwok Keung	Beneficial owner	97,000	0.003
Mr. Cheung Kwok Ping	Beneficial owner	1,000,000	0.032
Mr. Lam Ka Po	Beneficial owner	1,303,000	0.042
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) Share options of the Company (“Share Options”)

Name of Director	Capacity	Interest in underlying shares pursuant to Share Options
Mr. Cheung Kwok Wa	Beneficial owner	6,000,000
Mr. Cheung Kwok Keung	Beneficial owner	6,000,000
Mr. Cheung Kwok Ping	Beneficial owner	5,000,000
Mr. Lam Ka Po	Beneficial owner	5,000,000
Mr. Cheung Ka Ho	Beneficial owner	2,000,000
Mr. Leung Tai Chiu	Beneficial owner	550,000
Mr. Ip Shu Kwan, Stephen	Beneficial owner	550,000
Mr. Zhang Lu Fu	Beneficial owner	550,000
Mr. Lau Ping Cheung, Kaizer	Beneficial owner	550,000

(c) 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.

(d) 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	14,089,320	1.301
Mr. Cheung Kwok Keung	Beneficial owner	2,223,422	0.205
Mr. Cheung Kwok Ping ²	Beneficial owner/ Interest of spouse	4,736,383	0.437
Mr. Lam Ka Po	Beneficial owner	1,991,360	0.184
Mr. Cheung Ka Ho	Beneficial owner	384,000	0.036
Mr. Liu Min ³	Beneficial owner/ Interest of spouse	650,300	0.060

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.

(e) 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 2019.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, 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	2,110,485,000(L)	68.50
KHL	(c)	Beneficial owner Interest of controlled corporations	76,388,500(L) 2,034,096,500(L)	2.48 66.02
Jamplan (BVI) Limited ("Jamplan")	(d)	Beneficial owner Interest of controlled corporation	1,790,000,000(L) 244,096,500(L)	58.10 7.92
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 2019, (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 39.02% of the entire issued capital of KHL by Hallgain as at 30 June 2019.
- (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 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Group has, by way of a voluntary unconditional cash offer via Excel First Investments Limited, wholly-owned subsidiary of the Company, purchased 75,838,928 ordinary shares of Kingboard Copper Foil Holdings Limited with an aggregate sum of HK\$259,823,000. Kingboard Copper Foil Holdings Limited was listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) and the purchase of the relevant shares was conducted on the SGX-ST. Following the abovementioned purchase, Kingboard Copper Foil Holdings Limited was delisted from the Official List of SGX-ST on 10 June 2019.

Please refer to the joint announcements of the Company and KHL dated 4 and 18 April 2019, 2, 5, 13, 16 and 21 May 2019 and 4 and 6 June 2019 for full details.

During the six months ended 30 June 2019, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company’s listed securities on the Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2019.

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 2019, 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 ensuring 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 2019.

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

Hong Kong, 9 August 2019

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

