

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

LEADING
THE FUTURE



INTERIM REPORT **2022**

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	3	13,175,953	13,919,956
Cost of sales		(9,172,836)	(9,196,943)
Gross profit		4,003,117	4,723,013
Other income, gains and losses	5	45,190	52,133
Distribution costs		(391,212)	(256,986)
Administrative costs		(495,918)	(474,055)
(Loss) gain on fair value changes of equity instruments at fair value through profit or loss		(67,578)	77,828
Gain on disposal of debt instruments at fair value through other comprehensive income		–	19,209
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income		(181,660)	–
Share-based payments		(48,000)	–
Finance costs	6	(44,301)	(29,790)
Profit before taxation		2,819,638	4,111,352
Income tax expense	8	(993,563)	(753,961)
Profit for the period		1,826,075	3,357,391
Profit for the period attributable to:			
Owners of the Company		1,825,883	3,356,539
Non-controlling interests		192	852
		1,826,075	3,357,391
Earnings per share	10		
Basic		HK\$0.585	HK\$1.076
Diluted		HK\$0.585	N/A

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit for the period	<u>1,826,075</u>	<u>3,357,391</u>
Other comprehensive (expenses) income 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	<u>(884,729)</u>	<u>234,636</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	<u>181,660</u>	<u>–</u>
Fair value (loss) gain on debt instruments at fair value through other comprehensive income	<u>(46,600)</u>	<u>16,121</u>
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>–</u>	<u>(19,209)</u>
	<u>135,060</u>	<u>(3,088)</u>
Other comprehensive (expenses) income for the period	<u>(749,669)</u>	<u>231,548</u>
Total comprehensive income for the period	<u><u>1,076,406</u></u>	<u><u>3,588,939</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	<u>1,077,391</u>	<u>3,587,796</u>
Non-controlling interests	<u>(985)</u>	<u>1,143</u>
	<u><u>1,076,406</u></u>	<u><u>3,588,939</u></u>

Condensed Consolidated Statement of Financial Position

		30 June 2022	31 December 2021
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Investment properties		1,436,340	1,441,259
Property, plant and equipment	11	6,997,756	6,247,809
Right-of-use assets		589,214	667,056
Equity instruments at fair value through profit or loss		798,188	1,177,398
Debt instruments at fair value through other comprehensive income		64,785	103,798
Deposits paid for acquisition of property, plant and equipment		591,253	878,135
Deferred tax assets		2,242	2,810
Goodwill		238	238
		10,480,016	10,518,503
Current assets			
Inventories		3,563,642	2,653,835
Trade and other receivables and prepayments	12	4,797,861	6,639,167
Bills receivables	12	3,416,692	4,243,905
Properties held for development		350,721	1,460,556
Equity instruments at fair value through profit or loss		114,164	442,125
Debt instruments at fair value through other comprehensive income		–	11,256
Amounts due from fellow subsidiaries		596,712	978,831
Taxation recoverable		8,538	8,718
Bank balances and cash		4,466,687	2,864,889
		17,315,017	19,303,282

		30 June 2022	31 December 2021
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Trade and other payables	13	2,815,860	2,732,637
Bills payables	13	303,480	602,496
Contract liabilities		323,264	2,773,455
Dividend payable		3,744,000	936,000
Lease liabilities		382	570
Amounts due to fellow subsidiaries		47,572	47,581
Taxation payable		726,800	870,454
Bank borrowings – amount due within one year		2,515,011	1,814,902
		<u>10,476,369</u>	<u>9,778,095</u>
Net current assets		<u>6,838,648</u>	<u>9,525,187</u>
Total assets less current liabilities		<u>17,318,664</u>	<u>20,043,690</u>
Non-current liabilities			
Lease liabilities		1,452	1,623
Deferred tax liabilities		71,682	76,943
Bank borrowings – amount due after one year		800,000	900,000
		<u>873,134</u>	<u>978,566</u>
		<u>16,445,530</u>	<u>19,065,124</u>
Capital and reserves			
Share capital		312,000	312,000
Reserves		16,107,874	18,726,483
Equity attributable to owners of the Company		16,419,874	19,038,483
Non-controlling interests		25,656	26,641
Total equity		<u>16,445,530</u>	<u>19,065,124</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	Properties revaluation reserve	Investment revaluation reserve	Share-based payments	Special reserve	Statutory reserve	Goodwill	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2022	312,000	2,131,768	1,514,372	7,268	(165,662)	-	757,689	1,588,845	256,911	12,635,292	19,038,483	26,641	19,065,124
Profit for the period	-	-	-	-	-	-	-	-	-	1,825,883	1,825,883	192	1,826,075
Exchange differences arising from translation of presentation currency	-	-	(883,552)	-	-	-	-	-	-	-	(883,552)	(1,177)	(884,729)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	181,660	-	-	-	-	-	181,660	-	181,660
Fair value loss on debt instruments at fair value through other comprehensive income	-	-	-	-	(46,000)	-	-	-	-	-	(46,000)	-	(46,000)
Total comprehensive (expense)/income for the period	-	-	(883,552)	-	135,000	-	-	-	-	1,825,883	1,077,391	(865)	1,076,406
Recognition of equity settled share-based payments	-	-	-	-	-	48,000	-	-	-	-	48,000	-	48,000
Final dividend payable for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	(3,744,000)	(3,744,000)	-	(3,744,000)
Transfer to the reserve	-	-	-	-	-	-	-	286,919	-	(286,919)	-	-	-
	-	-	-	-	-	48,000	-	286,919	-	(4,030,919)	(3,696,000)	-	(3,696,000)
Balance at 30 June 2022	312,000	2,131,768	630,820	7,268	(30,602)	48,000	757,689	1,875,764	256,911	10,430,256	16,419,874	25,656	16,445,530

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation 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 1 January 2021	312,000	2,131,768	963,505	7,268	(19,030)	757,689	1,069,592	251,384	8,868,889	14,333,065	54,946	14,388,011
Profit for the period	-	-	-	-	-	-	-	-	3,356,539	3,356,539	852	3,357,391
Exchange differences arising from translation of presentation currency	-	-	234,345	-	-	-	-	-	-	234,345	291	234,636
Fair value gain on debt instruments at fair value through other comprehensive income	-	-	-	-	16,121	-	-	-	-	16,121	-	16,121
Reclassify to profit or loss upon disposal of debt instrument at fair value through other comprehensive income	-	-	-	-	(19,209)	-	-	-	-	(19,209)	-	(19,209)
Total comprehensive income (expenses) for the period	-	-	234,345	-	(3,088)	-	-	-	3,356,539	3,587,736	1,143	3,588,939
Final dividend paid for the year ended 31 December 2020	-	-	-	-	-	-	-	-	(1,560,000)	(1,560,000)	-	(1,560,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,349)	(1,349)
Transfer to reserve	-	-	-	-	-	-	238,548	-	(238,548)	-	-	-
Acquisition of additional interests in a subsidiary (note c)	-	-	-	-	-	-	-	5,527	-	5,527	(29,527)	(24,000)
	-	-	-	-	-	-	238,548	5,527	(1,798,548)	(1,554,473)	(30,876)	(1,585,349)
Balance at 30 June 2021	312,000	2,131,768	1,187,850	7,268	(22,118)	757,689	1,308,140	256,911	10,426,880	16,366,388	25,213	16,391,601

Notes:

- (a) Statutory reserve comprises statutory fund, which is non-distributable, and 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) During the six months ended 30 June 2021, 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\$5,526,904 between the consideration paid of HK\$24,000,000 and the value of non-controlling interests acquired of HK\$29,526,904 was directly recognised as equity in the goodwill reserve.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash from operating activities	2,477,352	2,271,026
Net cash (used in) from investing activities	(500,369)	160,975
Net cash used in financing activities	(375,185)	(4,309,286)
Net increase (decrease) in cash and cash equivalents	1,601,798	(1,877,285)
Cash and cash equivalents at the beginning of the period	2,864,889	4,909,965
Cash and cash equivalents at the end of the period, representing bank balances and cash	4,466,687	3,032,680

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.

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 additional accounting policies resulting from application of 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	7,190,895	10,045,360
Sales of paper laminates	804,267	1,556,792
Sales of upstream materials (note a)	1,879,190	1,740,739
Sales of properties	2,672,606	–
Others (note b)	545,668	477,268
Revenue recognised overtime (note c)	24,629	26,204
	<hr/>	<hr/>
Revenue from contracts with customers	13,117,255	13,846,363
Rental income	32,701	38,781
Interest income from debt instruments	6,488	25,200
Dividend income	19,509	9,612
	<hr/>	<hr/>
	13,175,953	13,919,956
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. The payment terms are ranged from 0 day to 120 days.
- Others mainly includes sales of specialty resin of HK\$437,290,000 (six months ended 30 June 2021: HK\$315,339,000).
- Income from hotel accommodation of HK\$24,629,000 (six months ended 30 June 2021: HK\$26,204,000).

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 reportable segments under HKFRS 8 are organised into three main operating divisions – (i) manufacturing and sale of laminates; (ii) properties; and (iii) investments.

The accounting policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS consolidated financial statements. Segment profit or loss represents the profit (loss) earned by each segment with certain items not included (unallocated corporate income and expenses, share-based payments and finance costs). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment revenue and results

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

Six months ended 30 June 2022	Laminates HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>10,420,020</u>	<u>2,729,936</u>	<u>25,997</u>	<u>13,175,953</u>
Segment results	<u>1,830,156</u>	<u>1,356,295</u>	<u>(239,177)</u>	2,947,274
Unallocated corporate income				20,254
Unallocated corporate expenses				(55,589)
Share-based payments				(48,000)
Finance costs				<u>(44,301)</u>
Profit before taxation				<u><u>2,819,638</u></u>
Six months ended 30 June 2021	Laminates HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>13,820,159</u>	<u>64,985</u>	<u>34,812</u>	<u>13,919,956</u>
Segment results	<u>4,035,649</u>	<u>24,357</u>	<u>127,085</u>	4,187,091
Unallocated corporate income				17,005
Unallocated corporate expenses				(62,954)
Finance costs				<u>(29,790)</u>
Profit before taxation				<u><u>4,111,352</u></u>

For the six months ended 30 June 2022, revenue from one of the Group's customers amounted to HK\$2,292,619,000 (six months ended 30 June 2021: HK\$2,193,944,000), 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	13,154	9,575
Loss on disposal and write off of property, plant and equipment	(990)	(6,106)
Government grants	16,797	41,769
Others	16,229	6,895
	<u>45,190</u>	<u>52,133</u>

6. Finance costs

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank borrowings	49,780	35,579
Interest on lease liabilities	43	46
Imputed interest on contract liabilities	136	421
Less: Amounts capitalised in the construction in progress	(5,522)	(5,835)
Less: Amounts capitalised in the properties held for development	(136)	(421)
	<u>44,301</u>	<u>29,790</u>

Bank and other borrowing costs capitalised during the period includes imputed interest on contract liabilities of HK\$136,000 (six months ended 30 June 2021: HK\$421,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.7% (six months ended 30 June 2021: 1.2%) per annum to expenditure on qualifying assets.

7. Depreciation

During the period, depreciation of approximately HK\$385.7 million (six months ended 30 June 2021: HK\$329.2 million) was charged in respect of the Group's property, plant and equipment.

8. Income tax expense

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The amount comprises:		
PRC Enterprise Income Tax	422,209	671,289
PRC Land Appreciation Tax ("LAT")	446,513	–
Hong Kong Profits Tax	3,141	11,326
Taxation arising in other jurisdiction	9,136	14,779
Withholding tax in the PRC	117,257	58,880
	<u>998,256</u>	<u>756,274</u>
Deferred taxation		
Credit for the period	(4,693)	(2,313)
	<u>993,563</u>	<u>753,961</u>

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% for both periods.

Under the EIT Law of the PRC, withholding tax of 5% to 10% is imposed on dividends declared in respect of profits earned by subsidiaries in Mainland China from 1 January 2008 onwards.

Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years since it was officially endorsed. Certain subsidiaries in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2024 (2021: 2023).

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company (the "Directors") considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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

9. Interim Dividends

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2022 of HK15.0 cents per share (six months ended 30 June 2021: interim dividend HK30.0 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 9 December 2022. The dividend warrants will be dispatched on or around Thursday, 5 January 2023.

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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>1,825,883</u>	<u>3,356,539</u>
	Number of shares	
	30 June 2022	30 June 2021
	'000	'000
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,120,000</u>	3,120,000
Effect of dilutive potential ordinary shares arising from share options	<u>15</u>	N/A
Number of ordinary shares for the purpose of calculating diluted earnings per share	<u>3,120,015</u>	<u>N/A</u>

For the six months ended 30 June 2022, the computation of diluted earnings per share assumed the exercise of the Company's share options because the exercise price of these share options was lower than the average market price. No diluted earnings per share for the six months ended 30 June 2021 was presented as there were no potential ordinary shares in issue for the period.

11. Additions to property, plant and equipment

During the reporting period, the Group had addition of approximately HK\$1,482.8 million (six months ended 30 June 2021: HK\$348.8 million) on property, plant and equipment.

12. Trade and other receivables and prepayments and bills receivables

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	4,572,687	6,243,668
Less: Allowance for credit losses	(546,805)	(661,595)
	<hr/>	<hr/>
Trade receivables, net	4,025,882	5,582,073
Advance to suppliers	353,319	517,652
Prepaid expenses and deposits	113,580	204,704
Value-added tax ("VAT") recoverable	202,799	190,197
Other receivables	102,281	144,541
	<hr/>	<hr/>
	4,797,861	6,639,167
Bills receivables	3,416,692	4,243,905
	<hr/>	<hr/>
	8,214,553	10,883,072
	<hr/> <hr/>	<hr/> <hr/>

The Group allows credit periods of up to 120 days (31 December 2021: 120 days), depending on the products sold to its trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0–90 days	2,970,450	4,483,570
91–180 days	1,012,758	1,056,609
Over 180 days	42,674	41,894
	<hr/>	<hr/>
	4,025,882	5,582,073
	<hr/> <hr/>	<hr/> <hr/>

Bills receivables of the Group are aged within 90 days (31 December 2021: 90 days) 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	971,421	1,050,633
Accrued expenses	483,481	523,032
Payables for acquisition of property, plant and equipment	146,357	124,495
Other tax payables	672,917	726,214
VAT payables	170,884	222,553
LAT payables	294,803	10,672
Other payables	75,997	75,038
	<hr/>	<hr/>
	2,815,860	2,732,637
Bills payables	303,480	602,496
	<hr/>	<hr/>
	3,119,340	3,335,133
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
0–90 days	872,028	950,860
91–180 days	46,987	30,691
Over 180 days	52,406	69,082
	<hr/>	<hr/>
	971,421	1,050,633
	<hr/> <hr/>	<hr/> <hr/>

Bills payables of the Group related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables, which are aged within 90 days (31 December 2021: 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 and the Scheme took effect upon obtaining approval from the Listing Committee of the Stock Exchange on 2 November 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 is valid for a period of ten years. The Board may, at its discretion, grant options to subscribe for shares in the Company to (i) eligible participants who contribute to the long-term growth and profitability of the Company and include 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 exercise price of the Company's share in respect of any option granted under the 2017 KLHL Scheme was determined with reference to 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. For details, please refer to the announcement of the Company dated 23 June 2022.

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 by the shareholders of the Company and the shareholders of KHL (i.e. 308,100,000 shares).

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:

Directors	Date of grant	Outstanding as at 1 January 2022	Grant during the period (Note)	Exercise price per share	Outstanding as at 30 June 2022	Exercisable period
Mr. Cheung Kwok Wa	23 June 2022	-	6,000,000	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Kwok Keung	23 June 2022	-	6,000,000	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Kwok Ping	23 June 2022	-	6,000,000	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Lam Ka Po	23 June 2022	-	6,000,000	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Ka Ho	23 June 2022	-	2,000,000	HK\$9.728	2,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Zhou Pei Feng	23 June 2022	-	1,000,000	HK\$9.728	1,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Ip Shu Kwan, Stephen	23 June 2022	-	500,000	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Zhang Lu Fu	23 June 2022	-	500,000	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Kung, Peter	23 June 2022	-	500,000	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Ho Kwok Ming	23 June 2022	-	500,000	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Subtotal		-	29,000,000		29,000,000	
Grant to employees of the Group	23 June 2022	-	7,900,000	HK\$9.728	7,900,000	23 June 2022 to 22 June 2032 (Note)
Total		-	<u>36,900,000</u>		<u>36,900,000</u>	
Exercisable at						
1 January 2022			-			
30 June 2022			<u>36,900,000</u>			

Note:

During the period ended 30 June 2022, 36,900,000 options were granted by KLHL on 23 June 2022 under the share option scheme of KLHL, of which 29,000,000 options were granted to directors of KLHL and 7,900,000 were granted to employees of KLHL. As at 30 June 2022, 36,900,000 options remained outstanding under the share options scheme of KLHL. The closing price of KLHL's shares on 22 June 2022 (namely the date immediately before the aforesaid grant date) is HK\$9.46. The estimated fair value of the aforesaid options was HK\$48,000,000, of which HK\$37,724,000 was attributable to the options granted to directors of KLHL while HK\$10,276,000 was attributable to the options granted to employees of KLHL. The fair value of each of the abovementioned options was identical, namely HK\$1.3008. All share options were vested on the date of grant.

As at 30 June 2022, there was no participant with share options granted in excess of the individual limit.

The fair value of the options granted under the KLHL 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
Share price at grant date	HK\$9.55
Exercise price	HK\$9.728
Expected life	10 years
Expected dividend yield	15.81%
Expected volatility	39.132%
Risk-free interest rate	2.632%
Early exercise multiple (Directors)	1.23x
Early exercise multiple (Employees)	1.22x

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 a 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 KLHL Scheme. During the Period, no option has lapsed or has been cancelled or exercised under the KLHL Scheme.

15. Capital and other commitments

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition of properties, plant and equipment	60,267	78,901
Other expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition and other expenditures relating to properties held for development	1,379	275,673
	<u>61,646</u>	<u>354,574</u>

16. Contingent liabilities

The Group provided guarantees amounting to approximately HK\$107.2 million as at 30 June 2022 (31 December 2021: approximately HK\$215.1 million) 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 2022 and 31 December 2021.

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	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(i)	Sales of goods to fellow subsidiaries	<u>2,292,619</u>	<u>2,193,944</u>
(ii)	Purchases of goods from fellow subsidiaries	<u>440,946</u>	<u>536,134</u>
(iii)	Sales of laminates and copper to a shareholder with significant influence over the ultimate holding company	<u>253,357</u>	<u>283,651</u>
(iv)	Purchases of machineries from a shareholder with significant influence over the ultimate holding company	<u>71,208</u>	<u>257,201</u>

BUSINESS REVIEW

On behalf of the board of directors, I am delighted to report to our shareholders for the result of the Kingboard Laminates Holdings Limited and its subsidiaries (the "Group") for the six months ended 30 June 2022 (the "Period"). As laminates and other upstream materials fell short in supply last year, the majority of industry players implemented expansion plans to different degrees to sharply increase the market supply. However, the geopolitical conflicts including Russia-Ukraine war, pandemic lingering in China, especially in Shanghai, and global high inflation posed considerable negative impacts for the electronics industry during the Period. Both sales and unit prices of the Group's laminates recorded a downshift. Nevertheless, with a vertically integrated supply chain, large customer network and outstanding cost control, the Group's Laminates Division recorded satisfactory results amid weak market conditions and high costs. An increase in the handover of residential properties helped drive up the revenue of the Property Division. At the same time, the Group made a provision of HK\$181.7 million for the credit impairment of the bond investments it held during the Period. The Group's revenue decreased 5% year on year to HK\$13,176 million, along with a 44% decrease in underlying profit attributable to the owners of the Company (excluding non-recurring items) to HK\$1,873.9 million. On consideration of the Group's robust financial position, the Board has resolved to declare an interim dividend of HK15 cents per share.

Financial Highlights

	Six months ended 30 June		Change
	2022 HK\$'million	2021 HK\$'million	
Revenue	13,176.0	13,920.0	-5%
EBITDA*	3,305.4	4,477.6	-26%
Profit before tax*	2,867.6	4,111.4	-30%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,873.9	3,356.5	-44%
– Reported net profit	1,825.9	3,356.5	-46%
Basic earnings per share			
– Based on underlying net profit*	HK60.1 cents	HK107.6 cents	-44%
– Based on reported net profit	HK58.5 cents	HK107.6 cents	-46%
Interim dividend per share	HK15.0 cents	HK30.0 cents	-50%
Net asset value per share	HK\$5.26	HK\$5.25	–
	Net Cash 1,151.7	Net Gearing 10%	

* Excluding

From 1 January 2022 to 30 June 2022, share-based payments of HK\$48 million (From 1 January 2021 to 30 June 2021: Nil).

PERFORMANCE

Laminates Division: The electronics industry experienced a slide in demand during the Period, leading to a 24% decline in shipment volume compared with the same period last year. Monthly shipment volume dropped to 8 million sheets. Nevertheless, the Laminates Division achieved satisfactory progress with its product portfolio enhancement efforts as it actively developed new market arenas. A significant increase in the share of sales of high-end and high-value-added products was witnessed. This high-end product portfolio included thin laminates for portable devices, lead-free and halogen-free laminates with high environmental compliance, fire-resistant laminates with broad compatibility, and high-frequency and high-speed laminates with low loss and high transmission speed. Segment revenue of the Laminates Division declined 25% to HK\$10,420 million. The Division's experienced management team has actively mitigated the impact of high commodity, energy and transportation costs by raising efficiency and lowering energy consumption through technical enhancements. The Division has also effectively cushioned the pressure of cost increases by raising the rate of automation to achieve savings on labour expenses. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 49% to HK\$2,218.9 million.

Property Division: As the Group continued to focus on the development of its laminates business, the Property Division was mainly engaged in the sales of the remaining units. Segment revenue jumped 41 times to HK\$2,729.9 million during the Period as a result of increased handover of residential properties. EBITDA also surged 41 times to HK\$1,363.5 million.

INVESTMENTS

As at 30 June 2022, the Group had in aggregate approximately HK\$977.1 million (31 December 2021: HK\$1,734.6 million) investments in securities instruments, representing approximately 4% (31 December 2021: approximately 6%) of the total asset of the Group as at 30 June 2022, which consist of mostly shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and bonds issued by companies also listed on the Main Board of the Stock Exchange. The Group acquired such securities investments through on market purchase. The Group will from time to time monitor the price movement of prices in securities and may adjust its investment portfolio as and when appropriate.

The following table sets out the investments held by the Group in respect of the same issuer which the Group considers to be relatively significant as at 30 June 2022. None of the value of the following (or any other) securities investments of the Group, on standalone or aggregate basis, reached 5% or more of the total assets of the Company as of the end of the reporting period.

Investment	Number of securities held ('000)	Percentage of securities held (of the securities of the same class)	Investment cost (HK\$'000)	Fair value as at 30 June 2022 (HK\$'000)	Percentage to the Group's total assets as of 30 June 2022	Accumulated fair value loss up to 30 June 2022* (HK\$'000)
Bonds with fixed coupon rate of 5.875% per annum and maturity date in February 2023 listed on SGX by Guangzhou R&F Properties Co., Ltd. ("GRFP")	31,000	5.2%	237,422	53,625	0.2%	(183,797)
Bonds with fixed coupon rate of 8.125% per annum and maturity date in February 2023 listed on SGX by GRFP	3,000	0.7%	14,824	5,060	0.02%	(9,764)
Bonds with fixed coupon rate of 9.125% per annum and maturity date in July 2022 listed on SGX by GRFP	1,000	0.3%	6,773	2,060	0.01%	(4,723)
Bonds with fixed coupon rate of 12.375% per annum and maturity date in November 2022 listed on SGX by GRFP	2,000	0.6%	10,686	4,060	0.01%	(6,636)
			269,705	64,785	0.24%	(204,920)

* Including the impairment loss recognised in profit or loss with gross amount of HK\$181,660,000 during the reporting period.

In terms of bond investments, the Group retained a certain number of listed bonds in order to generate stable and fixed interest income.

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022, 11 July 2022 and 14 July 2022, GRFP conducted the Consent Solicitations in June 2022 to seek waivers of existing and potential consequential Defaults or Events of Default under the Notes and to extend its debt maturity profile. GRFP offered Eligible Holders of each Series of the Notes an opportunity to consent to, among others, the extension of the maturity date of such Series of the Notes, which will allow GRFP to improve its overall financial condition and maintain a sustainable capital structure. In July 2022, GRFP completed the above debt restructuring scheme.

During the reporting period, the Group's above GRFP debt instruments at fair value through other comprehensive income portfolio generated interest income amounting to HK\$6,488,000. During the reporting period, the Group did not acquire or sell the above GRFP debt instruments at fair value through other comprehensive income.

According to above announcements, GRFP were not able to pay the bond interests due to its adverse financial condition. The Group had performed an impairment assessment on the debt instruments held under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and loss given default (i.e. the magnitude of the loss if there is a default), with the assessment of the probability of default and loss given default being based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining ECL on the Group's debt instruments for the period, the management had taken into accounts factors including the downgrading of credit rating of the debt instruments by the credit rating agencies, the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions at places where the bond issuer is operating.

The Group recognised impairment loss under ECL model of HK\$181,660,000 in profit or loss on the above GRFP debt instruments at fair value through other comprehensive income by reference to exposures at default, recovery rate and adjustments for forward looking information.

Guangzhou R&F Properties Co., Ltd. (stock code: 2777) is principally engaged in the property sector.

Based on the announcements of GRFP dated 13 November 2017, 4 January 2018, 21 February 2019, 18 January 2019 and 12 November 2020: (i) the senior notes (“GRFP February 2023 Senior Notes – 5.875%”) were issued by GRFP in November 2017 and January 2018, and due in February 2023. The GRFP February 2023 Senior Notes – 5.875% are listed on the SGX and carry an interest of 5.875% per annum and interests are payable semi-annually. The net proceeds from the GRFP February 2023 Senior Notes – 5.875% were intended to be used to refinance debt and for general corporate purposes of GRFP; (ii) the senior notes (“GRFP February 2023 Senior Notes – 8.125%”) were issued by GRFP in February 2019, and due in February 2023. The GRFP February 2023 Senior Notes – 8.125% are listed on SGX and carry an interest of 8.125% per annum and interests are payable semi-annually. The net proceeds from the GRFP February 2023 Senior Notes – 8.125% were mainly for offshore refinancing; (iii) the senior notes due July 2022 (“GRFP July 2022 Senior Notes”) were issued by GRFP in January 2019, and due in July 2022. The GRFP July 2022 Senior Notes are listed on the SGX and carry an interest of 9.125% per annum and interests are payable semi-annually. The net proceeds from the GRFP July 2022 Senior Notes were mainly for offshore refinancing; and (iv) the senior notes due November 2022 (“GRFP November 2022 Senior Notes”) were issued by GRFP in November 2020, and due in November 2022. The GRFP November 2022 Senior Notes are listed on the SGX and carry on interest of 12.375% per annum and interests are payable semi-annually. The net proceeds from the GRFP November 2022 Senior Notes were mainly for refinancing medium to long-term debt that will be due within one year. According to the 2022 interim results announcement of GRFP, the net debt to total equity ratio of GRFP increased to 146% at 30 June 2022 from 130% at 31 December 2021.

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

The Company’s equity instruments consist primarily of listed shares of a cluster of wide-ranging primarily blue-chip listed issuers as at 30 June 2022. During the Period, the amount of loss on fair value changes of equity instruments at fair value through profit or loss is HK\$67,578,000. The Company’s investment strategy of these equity investment is to make mid- to long-term investments in the prospects of primarily reputable sizeable issuers on recognizable stock exchange for creating values for the Group and its shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers. There was no equities securities investment in an investee company with a value of 5 per cent. or more of the Group’s total assets as at 30 June 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2022, Group's net current assets and current ratio (current assets divided by current liabilities) were approximately HK\$6,838.6 million (31 December 2021: HK\$9,525.2 million) and 1.65 (31 December 2021: 1.97) respectively.

The net working capital cycle increased from 102 days as at 31 December 2021 to 108 as at 30 June 2022 on the following key metrics:

- Inventories, in terms of stock turnover days, were 70 days (31 December 2021: 51 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 64 days (31 December 2021: 83 days).
- Trade and bills payable (excluding bills payable for property, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, were 26 days (31 December 2021: 32 days).

As at 30 June 2022, net cash (bank balances and cash net of bank borrowings) was HK\$1,151.7 million (31 December 2021: net cash of HK\$150 million). The ratio of short-term to long-term bank borrowings stood at 76%:24% (31 December 2021: 67%:33%). During the Period, the Group invested approximately HK\$1.2 billion in new capacity. The Group believes that with an experienced management team, solid business foundations and a strong financial position, these investments will deliver stable and satisfactory returns for shareholders in the long term. The Group continued to adopt a prudent financial management policy. The Group did not enter into any material derivative financial instruments, 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. The Group has adequate financial resources in reserve to fulfil its requirements for future market developments. During the Period, the Group successfully signed a 5-year sustainability-linked loan facility agreement with 14 major international and local banks. The syndicated facility received an overwhelming response from the market and was significantly oversubscribed. The final size of the loan came to HK\$7 billion, reflecting the Group's efforts towards its sustainability goals, as well as the banking industry's trust and support of the Group's environmental, social and governance (ESG) work.

DEBT MATURITY PROFILE

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within one year	2,515,011	1,814,902
Within a period of more than one year but not more than two years	250,000	200,000
Within a period of more than two years but not more than five years	550,000	700,000
	<u>3,315,011</u>	<u>2,714,902</u>
<i>Reclassification due to repayment on demand clause</i>		
Current	2,515,011	1,814,902
Non-current	800,000	900,000
	<u>3,315,011</u>	<u>2,714,902</u>

The Group's variable-rate bank borrowings as at 30 June 2022 carry interest HIBOR +1.08% to HIBOR +1.10% (31 December 2021: HIBOR +1.02% to HIBOR +1.10%) per annum and fixed-rate bank borrowings ranged from 3.20% to 3.75% (31 December 2021: 3.30% to 3.35%) per annum.

The range of effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings as at 30 June 2022 is 1.95% to 3.75% (31 December 2021: 1.18% to 3.35%) per annum.

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
HK\$	1,763,309	2,592,483
RMB\$	1,551,702	122,419
	<u>1,763,309</u>	<u>2,592,483</u>
	<u>1,551,702</u>	<u>122,419</u>

CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK\$107.2 million in aggregate as at 30 June 2022 (31 December 2021: approximately HK\$215.1 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 condensed consolidated financial statements for the Period in this report for further details of such guarantees.

HUMAN RESOURCES

As at 30 June 2022, the Group employed a workforce of approximately 10,700 (31 December 2021: 9,900). 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

Some downstream customers maintained strict control of their inventories during the first half of the year, but as inventories have come down to lower levels, it is expected that demand will rebound gradually towards the coming second half as customers begin planning to increase orders. The Group is proactively deploying big data management to further enhance operational efficiency. This will enable the Group to respond to market-driven and customer-led demand changes in a faster and more precise way. A modern manufacturing execution system ("MES") will also be deployed to enhance production efficiency. The new laminates facility in Shaoguan, Guangdong Province, is already fully operational, helping the Group improve its coverage in various geographical areas. The Group will also broaden its portfolio of laminates, with its main focus on high-quality products. To this end, the Group will expedite the upgrade of products including thin, fire-resistant, high-frequency, high-speed, lead-free and halogen-free laminates. Collaborating with premium customers, the Group will seek to expand the certification of its products by end-user customers. During the first half of the year, the Group added monthly capacities of 4,200 tonnes of glass yarn and 300 tonnes of copper foil in Lianzhou, Guangdong Province. In Shaoguan, Guangdong Province, the glass fabric facility with a monthly capacity of 9 million metres has already entered operation, and is planning to add 4 million metres of glass fabric capacity per month during the second half. The quality of the Group's upstream materials has been widely recognised by external customers. The aforesaid expansion plan will drive the Group's external sales of upstream materials to increase earnings, in addition to coping with internal business needs. Echoing the state's call for energy savings and emissions reduction, the Group is establishing solar photovoltaic power projects within its facilities in stages. It is expected that these projects will be able to recoup their costs within five years, while continuing to bring long-term benefits to the Group. We have full confidence in the ongoing development of the Group. The Group's market share has continued to grow, with its share of the global laminates market increasing by 3% to 18% in 2021, compared with 2020 according to independent third-party consultancy Prismark Partners LLC's latest research report. This report validates the Group's increasing advantage built on a vertically integrated business chain. The Group has won customers' recognition with its reliable product quality and delivery. The Group's management will remain dedicated to creating better returns for its shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group during the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 December 2022 to Friday, 9 December 2022 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 7 December 2022.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2022, 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	9,517,000	0.305
Mr. Cheung Ka Ho	Beneficial owner	216,000	0.007
Mr. Cheung Kwok Keung	Beneficial owner	2,502,000	0.080
Mr. Cheung Kwok Ping	Beneficial owner	3,000,000	0.096
Mr. Lam Ka Po	Beneficial owner	3,303,000	0.106
Mr. Ip Shu Kwan, Stephen	Beneficial owner	350,000	0.011
Mr. Kung, Peter	Interests held jointly with his spouse	60,000	0.002

Note:

¹ 75,000 Shares were held by his spouse.

All Directors above also hold share options of the Company, details of which are mentioned in the section headed "Directors' interest in shares – Long position (b) Share options of the Company".

(b) Share options of the Company (“Share Options”)

Name of Director	Capacity	Interest in underlying shares pursuant to Share Options	Approximately percentage of the issued share capital of the Company %
Mr. Cheung Kwok Wa	Beneficial owner	6,000,000	0.192
Mr. Cheung Kwok Keung	Beneficial owner	6,000,000	0.192
Mr. Cheung Kwok Ping	Beneficial owner	6,000,000	0.192
Mr. Lam Ka Po	Beneficial owner	6,000,000	0.192
Mr. Cheung Ka Ho	Beneficial owner	2,000,000	0.064
Mr. Zhou Pei Feng	Beneficial owner	1,000,000	0.032
Mr. Ho Kwok Ming	Beneficial owner	500,000	0.016
Mr. Ip Shu Kwan, Stephen	Beneficial owner	500,000	0.016
Mr. Zhang Lu Fu	Beneficial owner	500,000	0.016
Mr. Kung, Peter	Beneficial owner	500,000	0.016

(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

Note: 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	15,640,320	1.411
Mr. Cheung Kwok Keung	Beneficial owner	2,610,222	0.235
Mr. Cheung Kwok Ping ²	Beneficial owner/ Interest of spouse	7,236,383	0.653
Mr. Lam Ka Po	Beneficial owner	2,500,000	0.225
Mr. Cheung Ka Ho	Beneficial owner	484,000	0.044
Mr. Lo Ka Leong	Interest of spouse	50,000	0.005

Notes:

¹ 74,400 KHL's shares were held by his spouse.

² 36,000 KHL's shares were held by his spouse.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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	2,301,434,000(L)	73.76
KHL	(c)	Beneficial owner Interest of controlled corporations	117,635,500(L) 2,183,798,500(L)	3.77 69.99
Jamplan (BVI) Limited ("Jamplan")	(d)	Beneficial owner Interest of controlled corporation	1,785,000,000(L) 398,798,500(L)	57.21 12.78
Capital Research and Management Company		Investment manager	177,205,851(L)	5.68

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

Notes:

- (a) At 30 June 2022, (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 40.68% by Hallgain as at 30 June 2022.
- (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 the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO in the issued share capital of the Company as at 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2022.

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2022.

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 has complied with the required standard set out in the Model Code and the code of conduct regarding Director's securities transactions adopted by the Company throughout the six months ended 30 June 2022.

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

Hong Kong, 29 August 2022

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. Zhou Pei Feng

Non-executive Director

Mr. Lo Ka Leong

Independent non-executive Directors

Mr. Ip Shu Kwan, Stephen

Mr. Zhang Lu Fu

Mr. Kung, Peter

Mr. Ho Kwok Ming