



建滔集團有限公司

KINGBOARD HOLDINGS LIMITED

Stock Code: 148



INTERIM REPORT
2018

INTERIM RESULTS

The board of directors (the "Board") of Kingboard Holdings Limited (formerly known as Kingboard



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Profit for the period	<u>4,736,709</u>	<u>2,834,390</u>
Other comprehensive(expenses) income for the period:		
Item that will not be reclassified to profit or loss:		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(671,719)	892,731
Items that may be reclassified subsequently to profit or loss:		
Investment revaluation reserve:		
Net changes arising from available-for-sale investments	–	558,098
Fair value loss on debt instruments measured at fair value through other comprehensive income	(335,661)	–
Translation reserve:		
Exchange differences arising from translation of foreign operations	<u>1,186</u>	<u>(4,466)</u>
Other comprehensive (expenses) income for the period (net of tax)	<u>(1,006,194)</u>	<u>1,446,363</u>
Total comprehensive income for the period	<u><u>3,730,515</u></u>	<u><u>4,280,753</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	3,183,959	3,465,076
Non-controlling interests	<u>546,556</u>	<u>815,677</u>
	<u><u>3,730,515</u></u>	<u><u>4,280,753</u></u>

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Non-current assets			
Investment properties		17,166,271	17,151,915
Properties, plant and equipment	10	15,030,794	14,529,533
Prepaid lease payments		1,536,511	931,029
Goodwill		2,499,291	2,288,149
Interest in an associate		478,953	504,090
Interest in a joint venture		2,240,920	–
Available-for-sale investments		–	5,746,584
Equity instruments at fair value through profit or loss		3,072,925	–
Equity instruments at fair value through other comprehensive income		164,124	–
Debt instruments at fair value through other comprehensive income		5,195,445	–
Entrusted loans	11	695,991	788,860
Other non-current assets		685,318	691,213
Deposits paid for acquisition of properties, plant and equipment and investment properties		267,504	485,451
Deferred tax assets		4,425	3,768
		<u>49,038,472</u>	<u>43,120,592</u>
Current assets			
Inventories		2,660,626	2,115,557
Properties held for development		21,788,748	15,637,824
Trade and other receivables and prepayments	11	9,144,897	11,763,029
Bills receivables	11	4,823,925	5,036,119
Available-for-sale investments		–	778,986
Debt instruments at fair value through other comprehensive income		850,422	–
Prepaid lease payments		32,321	24,363
Taxation recoverable		8,505	7,964
Bank balances and cash		7,048,965	8,113,756
		<u>46,358,409</u>	<u>43,477,598</u>
Assets classified as held for sale		–	1,696,193
		<u>46,358,409</u>	<u>45,173,791</u>

		30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	12	8,298,795	9,569,089
Bills payables	12	416,394	691,834
Deposit received from pre-sale of residential units		—	3,551,562
Contract liabilities		3,218,753	—
Taxation payable		981,418	886,418
Bank borrowings – amount due within one year		6,197,817	5,290,745
		<u>19,113,177</u>	<u>19,989,648</u>
Net current assets		<u>27,245,232</u>	<u>25,184,143</u>
Total assets less current liabilities		<u>76,283,704</u>	<u>68,304,735</u>

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Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Goodwill reserve HK\$'000	Special surplus account HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
Balance at 31 December 2017 (Audited)	106,645	5,866,532	1,911	2,560	1,810,841	10,594	705,148	256,370	109,145	2,066,022	35,103,751	46,039,519	7,684,201	53,723,720
Adjustment (Note 2)	-	-	-	-	-	-	-	-	(50,531)	-	50,531	-	-	-
Balance at 1 January 2018 (restated)	106,645	5,866,532	1,911	2,560	1,810,841	10,594	705,148	256,370	58,614	2,066,022	35,154,282	46,039,519	7,684,201	53,723,720
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,169,007	4,169,007	567,702	4,736,709
Fair value loss on debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(408,885)	-	-	(408,895)	73,234	(335,661)
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	-	-	-	738	-	738	448	1,086
Exchange difference arising from translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Goodwill reserve HK\$'000	Special surplus account HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2017	103,840	4,662,528	1,911	275,459	1,119,542	10,594	512,652	256,370	(277,790)	(449,187)	31,381,085	37,587,004	6,385,668	43,952,672
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,180,202	2,180,202	654,188	2,834,390
Net changes arising from available-for-sale investments	-	-	-	-	-	-	-	-	538,915	-	-	538,915	19,183	558,098
Exchange difference arising from														





2. Principal accounting policies – continued

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

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

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

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

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

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

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

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

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



2. Principal accounting policies – continued

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

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

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

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

2.1.2 Summary of effects arising from initial application of HKFRS 15

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

	Carrying amounts previously reported at 31 December 2017 HK\$'000 (Audited)	Reclassification HK\$'000	Carrying amounts under HKFRS 15 at 1 January 2018* HK\$'000
Current liabilities			
Deposits received from pre-sale of residential units	3,551,562	(3,551,562)	–
Contract liabilities	<u>–</u>	<u>3,551,562</u>	<u>3,551,562</u>

As at 1 January 2018, advances from customers of approximately HK\$3,551,562,000 in respect of sales contracts previously included in deposits received from pre-sale of residential unit were reclassified to contract liabilities.

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

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

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

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



2. Principal accounting policies – continued

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

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

Classification and measurement of financial assets – continued

Debt instruments/receivables classified as at FVTOCI

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

Equity instruments designated as at FVTOCI

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

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

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

Financial assets at FVTPL

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

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

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



2. Principal accounting policies – continued

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

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

Impairment under ECL model – continued

Significant increase in credit risk – continued

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

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

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

Measurement and recognition of ECL

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

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

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



2. Principal accounting policies – continued

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

2.2.2 Summary of effect arising from initial application of HKFRS 9 – continued

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

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

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK\$1,550,830,000 were reclassified from available-for-sale investments to equity instruments at FVTPL. The fair value gains of HK\$50,531,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits.

From AFS debt investments to FVTOCI

Listed bonds with a fair value of HK\$4,966,616,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK\$58,614,000 continued to accumulate in the investment revaluation reserve as at 1 January 2018.

2. Principal accounting policies – continued

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

2.2.2 Summary of effect arising from initial application of HKFRS 9 – continued

(a) Available-for-sale investments – continued

Impairment under ECL model

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

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

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

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

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

3. Segment information

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to segments and to assess their performance. Specifically, the Group's operating and reportable segments under HKFRS 8 were organised into five main operating divisions – (i) manufacture and sale of laminates, (ii) manufacture and sale of printed circuit boards ("PCBs"), (iii) manufacture and sale of chemicals, (iv) sales and rental of properties ("Properties") and (v) others (including service income, manufacture and sale of magnetic products and hotel business). No other operating segment identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

3. Segment information – continued

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 consolidated financial statements. The CODM assesses 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 (share of results of associates, share of result of a joint venture, gain on disposal of available-for-sale investments, gain on disposal of equity instruments at fair value through profit or loss, loss on equity instruments at fair value through profit or loss, written off of properties, plant and equipment, gain on disposal of a subsidiary, finance costs, share-based payments and unallocated corporate income and expenses).

Segment revenues and results by reportable segments are presented below:

	Laminates HK\$'000 (U1a di ed)	PCBs HK\$'000 (U1a di ed)	Chemicals HK\$'000 (U1a di ed)	Properties HK\$'000 (U1a di ed)	Others HK\$'000 (U1a di ed)	Eliminations HK\$'000 (U1a di ed)	Consolidated HK\$'000 (U1a di ed)
Six months ended 30 June 2018							
Segment revenue							
External sales	7,914,490	4,456,752	8,324,933	1,087,758	234,676	–	22,018,609
Inter-segment sales	<u>1,147,818</u>	<u>–</u>	<u>411,609</u>	<u>–</u>	<u>1,073</u>	<u>(1,560,500)</u>	<u>–</u>
Total	<u>9,062,308</u>	<u>4,456,752</u>	<u>8,736,542</u>	<u>1,087,758</u>	<u>235,749</u>	<u>(1,560,500)</u>	<u>22,018,609</u>
Result							
Segment result	<u>1,913,176</u>	<u>280,472</u>	<u>1,114,269</u>	<u>652,977</u>	<u>(18,801)</u>		3,942,093
Gain on disposal of equity instruments at fair value through profit or loss							75,110
Gain on disposal of a subsidiary							2,089,808
Loss on equity instruments at fair value through profit or loss							(116,389)
Written off of properties, plant and equipment							(518,608)
Unallocated corporate income							249,661
Unallocated corporate expenses							(191,703)
Finance costs							(202,651)
Share of result of a joint venture							35,717
Share of result of an associate							<u>113,538</u>
Profit before taxation							<u>5,476,576</u>

5. Other income, gains and losses

Other income, gains and losses include:

- Dividends from equity instruments at fair value through profit or loss
- Interest income from debt instruments at fair value through other comprehensive income
- Dividends from available-for-sale investments
- Interest income from available-for-sale investments
- Interest income from bank balances and cash
- Interest income from entrusted loans

6. Finance income

(18,838) Interest income from bank balances and cash

7. Income tax expense

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The amount comprises:		
Hong Kong Profits Tax	3,680	2,665
Taxation arising in other jurisdictions	<u>734,737</u>	<u>606,561</u>
	738,417	609,226
Deferred taxation		
Charge for the period	<u>1,450</u>	<u>2,379</u>
	<u><u>739,867</u></u>	<u><u>611,605</u></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.

8. Interim dividend

The directors of the Company (the "Director") have resolved to declare an interim dividend and a special interim dividend for the six months ended 30 June 2018 of HK\$0.60 per share (1 January 2017 to 30 June 2017: HK\$0.60 per share) and HK\$0.50 per share (1 January 2017 to 30 June 2017: Nil) respectively to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 31 October 2018. The dividend warrants will be dispatched on or around Friday, 7 December 2018.

9. Earnings per share

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

11. Trade and other receivables and prepayments, entrusted loans and bills receivables

30 June
2018
HK\$'000
(Unaudited)

31 December
2017
HK\$'000

12. Trade and other payables and bills payables

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Trade payables	2,781,361	2,698,445
Accrued expenses	912,013	904,224
Payable for acquisition of properties, plant and equipment	521,919	535,548
Receipt in advance	1,986,226	3,814,220
Other tax payables	1,013,099	900,893
VAT payables	391,384	301,092
Other payables	692,793	414,667
	<u>8,298,795</u>	<u>9,569,089</u>

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0–90 days	2,263,683	2,073,037
91–180 days	466,018	432,894
Over 180 days	51,660	192,514
	<u>2,781,361</u>	<u>2,698,445</u>

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

13. Gain on disposal of a subsidiary

On 10 January 2018, the Group disposed its interest in a subsidiary, Win Real Group Limited, to an independent third party for a cash consideration of HK\$3,786,000,000 with a gain of HK\$2,089,808,000. The subsidiary has an indirect equity interest of 49% in an associate established in the PRC.

14. Share options

(a) *Employees' share option scheme of the Company*

The existing share option scheme of the Company (the "Scheme") was approved by shareholders of the Company at the extraordinary general meeting held on 23 March 2009. The purpose of the Scheme is to provide incentive or reward to the Eligible Participants (as defined below) for their contribution to, and continuing efforts to promote the interests of the Group.

Under the Scheme which is valid for a period of 10 years (as at the date of this report, the remaining life of the Scheme is approximately 7 months), the Board may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds any equity interests ("Invested Entity"), including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, 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 shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vi) any person or entity who from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors. The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 business days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of adoption of the Scheme.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the Scheme. The total number of shares available for issue under the Scheme is 84,473,904 shares, which represents approximately 7.9% of the total issued share capital of the Company as at the date of this report. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

14. Share options – continued

(a) *Employees' share option scheme of the Company – continued*

In respect of the share options outstanding at the end of the reporting period, the weighted average exercise price per share is HK\$12.424 (31 December 2017: HK\$12.424).

As at 30 June 2018, if all the exercisable share options under the Scheme were converted, 16,700,000 (31 December 2017: 16,700,000) shares will be issued, representing approximately 1.57% (31 December 2017: 1.57%) of the issued share capital of the Company.

A summary of the movements of the share options under the Scheme for the period is as follows:

		Share options grant date	Exercise price HK\$	Exercise period	Number of share options outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of share options outstanding as at 30 June 2018
Executive Directors										
Mr. Cheung Kwok Wing	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	3,360,000	-	-	-	-	3,360,000
Mr. Chang Wing Yiu	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	2,660,000	-	-	-	-	2,660,000
Mr. Cheung Kwong Kwan	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	1,960,000	-	-	-	-	1,960,000
Mr. Ho Yin Sang (Note 3)	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	1,440,000	-	-	-	-	1,440,000
Ms. Cheung Wai Lin, Stephanie	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	2,460,000	-	-	-	-	2,460,000
Mr. Cheung Ka Shing	(i)	21 March 2011	33.92	21 March 2011 to 22 March 2019 (Note 1)	-	-	-	-	-	-
	(ii)	19 March 2015	12.424	19 March 2015 to 22 March 2019 (Note 2)	3,160,000	-	-	-	-	3,160,000
Sub-total					15,040,000	-	-	-	-	15,040,000

14. Share options – continued

(b) *Employees' share option scheme of Elec & Eltek International Company Limited ("EEIC")*

In 2008, the 2008 Elec & Eltek Employees' Share Option Scheme (the "2008 EEIC Scheme") was approved by the shareholders of EEIC at an extraordinary general meeting of EEIC held on 21 April 2008, and was adopted by EEIC on 9 May 2008 upon fulfilment of all the conditions precedent as set out in Rule 2 of the 2008 EEIC Scheme. For the period from the adoption of the 2008 EEIC Scheme up to an including the date on which it expired (i.e. 8 May 2018), no options were granted by EEIC pursuant to the 2008 EEIC Scheme.

At the annual general meeting of EEIC held on 27 April 2018, the shareholders of EEIC approved the 2018 Elec & Eltek Employees' Share Option Scheme (the "2018 EEIC Scheme"). In accordance with the rules of the 2018 EEIC Scheme, the 2018 EEIC Scheme is to take effect upon the fulfilment of the following conditions: (i) the passing of the necessary resolutions to adopt the 2018 EEIC Scheme by the shareholders of EEIC in general meeting; (ii) the SGX-ST and the Stock Exchange granting their respective in-principle approval for the listing of, and quotation for, the shares in EEIC that are issued pursuant to an exercise of options granted under the 2018 EEIC Scheme; and (iii) the passing of the necessary resolutions to adopt the 2018 EEIC Scheme by the shareholders of the Company in general meeting. The relevant resolutions were passed by shareholders of the Company on 28 May 2018 and EEIC received the approval-in-principal from the SGX-ST. The 2018 EEIC Scheme will become effective upon receiving listing approval from the Stock Exchange. No options have been granted by EEIC pursuant to the 2018 EEIC Scheme as at the date of this report.

The purpose of the 2018 EEIC Scheme is to provide an opportunity for employees within the EEIC group who have contributed significantly to the growth and performance of the EEIC group and who satisfy the eligibility criteria as set out in Rule 4 of the 2018 EEIC Scheme, to participate in the equity of the EEIC, so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the 2018 EEIC Scheme will help the EEIC group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the EEIC group's business and operations,

The 2018 EEIC Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in EEIC either at the "Market Price", which is defined as the average of the last dealt prices of EEIC's shares (as determined by reference to the Official List published by the SGX-ST) for a period of five consecutive market days immediately preceding the relevant date of grant, or at a discount to the Market Price (as defined earlier), provided that the discount shall not exceed 20% of the Market Price.

Options granted at the Market Price or at a discount to the Market Price may be exercised after the first or second anniversary respectively, of the date of grant and expiring on the fifth anniversary of the date of grant.

The duration of the 2018 EEIC Scheme is ten years from the date of adoption of the 2018 EEIC Scheme. The total number of shares that may be issued shall not exceed 18,691,996 shares (which represents 10% of the total number of shares in issue of EEIC as at 9 March 2018, being the "Latest Practicable Date" stipulated in the circular to shareholders of EEIC dated 26 March 2018).

Share options may be accepted within 30 days after the relevant date of grant accompanied by, inter alia, payment of SGD\$1.00 (or its equivalent) as consideration by the participants.

14. Share options – continued

(c) Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL")

The share option scheme of KLHL ("2017 KLHL Scheme") was approved by the shareholders of the Company and the shareholders of KLHL on 29 May 2017, and the 2017 KLHL Scheme took effect upon receiving approval from the Listing Committee of the Stock Exchange on 2 November 2017. The purpose of the 2017 KLHL Scheme is to provide incentive or rewards to the eligible participants of the 2017 KLHL Scheme for their contribution to, and continuing efforts to promote the interests of the KLHL Group (as defined below).

The 2017 KLHL Scheme is valid for a period of ten years and it has a remaining life of around nine (9) years and two (2) months, and no share options had been granted or exercised as at the date of this report. The directors of KLHL may, at its discretion, grant options to subscribe for shares in KLHL to eligible participants who contribute to the long-term growth and profitability of KLHL 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 KLHL, any of its subsidiaries or any entity ("KLHL's Invested Entity") in which KLHL and its subsidiaries (collectively referred to as the "KLHL Group") hold an equity interest; (ii) any non-executive directors (including independent non-executive directors) of KLHL, any of its subsidiaries or any KLHL's Invested Entity; (iii) any supplier of goods or services to any member of the KLHL Group or any KLHL's Invested Entity; (iv) any customer of the KLHL Group or any KLHL's Invested Entity; (v) any person or entity that provides research, development or other technological support to the KLHL Group or any KLHL's Invested Entity; and (vi) any shareholder of any member of the KLHL Group or any KLHL's Invested Entity.

The subscription price of KLHL's share in respect of any option granted under the 2017 KLHL Scheme must be at least the highest of (i) the closing price of the shares of KLHL 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 KLHL 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 KLHL.

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 of KLHL to each grantee, and in the absence of such determination, from the date upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The directors of KLHL 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 KLHL which may be issued upon exercise of all options to be granted under the KLHL Scheme and any other share option scheme of KLHL (excluding, for this purpose, options lapsed in accordance with the terms of the 2017 KLHL Scheme and any other share option scheme of KLHL) must not in aggregate exceed 10% of the total number of shares of KLHL in issue as at the date of approval of the 2017 KLHL Scheme (i.e. 308,100,000 shares in KLHL).

14. Share options – continued

(c) *Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") – continued*

The maximum number of shares of KLHL which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 KLHL Scheme and any other share option scheme of KLHL must not exceed 30% of the issued share capital of KLHL from time to time.

The total number of shares of KLHL 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 KLHL then in issue unless approved by the shareholders of KLHL and the Company in general meetings.

As at 30 June 2018, no share options granted under 2017 KLHL Scheme remained outstanding and accordingly, the total number of shares of KLHL in respect of which options had been granted was nil.

15. Capital and other commitments

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of an investment property	–	4,006,455
– acquisition of properties, plant and equipment	558,565	306,826
– capital injection in an unlisted investment	3,346	3,346
	561,911	4,316,627
Other expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition and other expenditures relating to properties held for development	1,316,245	4,169,329
	1,878,156	8,485,956

16. Related party transactions

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

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Sales of goods to subsidiaries of a shareholder with significant influence to the Group	360,287	302,235
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group	447,213	343,336
Sales of goods to a non-controlling shareholder of a subsidiary	25,678	30,039
Purchase of goods from an associate	203,513	185,586

Included in trade and other receivables and prepayments as at 30 June 2018 was an amount due from a non-controlling shareholder of a subsidiary of approximately HK\$9,392,000 (31 December 2017: HK\$9,665,000).

Included in trade and other receivables and prepayments as at 30 June 2018 was an advance payment to an associate of approximately HK\$2,196,000 (31 December 2017: amount due to an associate of HK\$6,882,000).

17. Contingent liabilities

- (a) The Group provided guarantees amounting to approximately HK\$1,245,460,000 as at 30 June 2018 (31 December 2017: HK\$3,831,426,000) to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and cannot be measured reliably at subsequent reporting dates. The fair value of the financial guarantee contracts of the Group is estimated to be negligible.

BUSINESS REVIEW

On behalf of the Board, I am delighted to report that Kingboard Holdings Limited and its subsidiaries (the “Group”) delivered outstanding results during the six months ended 30 June 2018 (the “Period”). During the Period, the ongoing Sino-US trade clashes have slightly derailed the uptrend of the electronics sector, leading to challenges in the operating environment. Nevertheless, the laminates and printed circuit board (“PCB”) divisions continued their respective paces of growth by leveraging their comprehensive business coverage from upstream to downstream. Robust growth momentum was maintained for these two segments. The chemicals division benefited from China’s supply-side reform to eradicate ineffective capacity, as well as state efforts to raise domestic demand. Prices of the Group’s major chemical products, including coke, caustic soda, acetic acid, methanol and phenol acetone, showed substantial price increases. As a result, the chemical segment recorded a significant profit growth. With the rental contribution from the newly acquired commercial properties in London and Shanghai, the property division achieved steady growth in rental income. On the back of the Group’s diversified business portfolio development, the Group has boosted profitability steadily, resulting in strong growth momentum against volatility of market condition.

Group revenue grew 18% year on year to HK\$22,018.6 million, while the underlying net profit expanded by 19% to HK\$2,597.8 million. Taking into account a pre-tax gain of HK\$2,089.8 million from the disposal of a subsidiary, reported net profit surged 91% to HK\$4,169.0 million. The Board has resolved an interim dividend of HK\$0.60 per share which, together with a special interim dividend of HK\$0.50 per share, representing a total dividend of HK\$1.10 per share.

Financial Highlights

	Six months ended 30 June		Change
	2018 HK\$'million	2017 HK\$'million	
Revenue	22,018.6	18,665.6	+18%
EBITDA*	5,141.4	4,545.8	+13%
Net profit attributable to owners of the Company			
– Underlying net profit*	2,597.8	2,183.3	+19%
– Reported net profit	4,169.0	2,180.2	+91%
Basic earnings per share			
– Based on underlying net profit*	HK\$2.436	HK\$2.103	+16%
– Based on reported net profit	HK\$3.909	HK\$2.100	+86%
Interim dividend per share	HK\$0.60	HK\$0.60	–
Special interim dividend per share	HK\$0.50	–	N/A
Net asset value per share	HK\$45.1	HK\$39.3	+15%
Net gearing	35%	20%	

* Excluding:

- (1) Share-based payments of HK\$3.1 million from 1 January 2017 to 30 June 2017 (1 January 2018 to 30 June 2018: Nil).
- (2) Gain on disposal of a subsidiary of HK\$2,089.8 million from 1 January 2018 to 30 June 2018 (1 January 2017 to 30 June 2017: Nil).
- (3) Written off of properties, plant and equipment of HK\$518.6 million from 1 January 2018 to 30 June 2018 (1 January 2017 to 30 June 2017: Nil).

PERFORMANCE

The Group continued to be the world's top laminates producer for the thirteenth consecutive year. During the Period, capacity expansion of glass yarn, glass fabric and glass epoxy laminates ("FR4"), coupled with price increases of these products, drove the laminates division's turnover (including inter-segment sales) up by 21% to HK\$9,062.3 million. However, the price increases were not able to fully offset cost inflation. EBITDA therefore declined by 7% to HK\$2,234.9 million.

The PCB division's business was driven by consumption upgrade in China, with strong sales continuing to be recorded in the automobile and consumer electronics sectors. The division's product portfolio moved further upmarket towards a higher layers and higher value-added offering. Additionally, with the completion of the acquisition of Kin Yip Technology Electronics Co., Ltd., a high-end PCB plant in Huizhou, Guangdong Province, the acquired capacity has been fully incorporated into the Group. Segment turnover grew 16% to HK\$4,456.8 million, with EBITDA expanding 3% to HK\$546.8 million.

As China has tightened up its safety and environmental protection policies, the chemical industry has had to adopt more stringent production standards. This has led to the phasing out of inefficient capacity, and thus an improvement in the supply/demand conditions of the sector's competitive environment. The market has demonstrated a strong demand for the Group's chemical products. All major products, in particular, caustic soda, acetic acid and phenol acetone, recorded substantial period-over-period price increases. Segment turnover (including inter-segment sales) went up by 34% to HK\$8,736.5 million, with EBITDA surging 125% to HK\$1,520.6 million.

The pace of property sales slowed under the impact of restrictive state policies during the Period. Turnover from property sales therefore decreased to HK\$572.0 million, resulting in a 45% drop in segment turnover to HK\$1,087.8 million, despite a growth in rental income to HK\$515.8 million. EBITDA declined 3% to HK\$655.6 million.

EQUITY AND DEBT INSTRUMENTS

As at 30 June 2018, the Group held in approximately HK\$3,237 million and HK\$6,045 million respectively of equity and debt instruments, representing approximately 3% and 6% respectively of the total assets of the Group as at 30 June 2018, which consist of mostly securities listed on Main Board of the Stock Exchange and bonds issued mainly by companies listed on the Main Board of the Stock Exchange. The Group acquired its equity and debt instruments through on-market purchase. The Group will from time to time monitor the price movement of prices in securities and bonds and may adjust its investment portfolio as and when appropriate.

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

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

Based on the announcements of Guangzhou R&F Properties Co., Ltd. (stock code: 2777) ("GRFP") dated 13 November 2017, 12 January 2017 and 18 April 2018: (i) the senior notes ("GRFP 2023 Senior Notes") were issued by GRFP in November 2017, and due in February 2023. The GRFP 2023 Senior Notes are listed on SGX and carries an interest of 5.875% per annum and interests are payable semi-annually. The proceeds from the GRFP 2023 Senior Notes was intended to be used to refinance debt and for general corporate purposes of GRFP; and (ii) the senior notes ("GRFP 2022 Senior Notes") were issued by GRFP in January 2017, and due in 2022. The GRFP 2022 Senior Notes are listed on SGX and carries an interest of 5.75% per annum and interests are payable semi-annually. The proceeds from the GRFP 2022 Senior Notes was intended to finance GRFP's overseas projects under China's "One Belt One Road" strategy and for general corporate purposes; and (iii) the senior notes due 2021 ("GRFP 2021 Senior Notes") were issued by GRFP in April 2018, and due in 2021. The GRFP 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 2021 Senior Notes was intended to finance debt and for general corporate purposes.

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial and liquidity position remained robust. As at 30 June 2018, Group net current assets and current ratio were approximately HK\$27,245.2 million (31 December 2017: HK\$25,184.1 million) and 2.43 (31 December 2017: 2.26) respectively.

The net working capital cycle increased from 41 days as at 31 December 2017 to 52 days as at 30 June 2018 on the following key metrics:

- Inventories, in terms of stock turnover days, were 28 days (31 December 2017: 23 days).
- Trade receivables, in terms of debtor turnover days, were 57 days (31 December 2017: 53 days).
- Trade and bills payables (excluding bills payables to properties, plant and equipment), in terms of creditor turnover days, were 33 days (31 December 2017: 35 days).

The Group's net gearing ratio was 35% (31 December 2017: 20%). The proportion of sw5vc



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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within 1 year	6,197,817	5,290,745
Between 1 and 2 years	5,141,095	4,526,770
Between 2 and 5 years	14,880,472	9,270,827
	<u>26,219,384</u>	<u>19,088,342</u>

During the Period, the Group invested approximately HK\$1.3 billion and HK\$1.3 billion in new production capacity and property construction expenses respectively. With a sound balance sheet and abundant contingency funds, the Group is in an excellent position to respond flexibly to the challenges and opportunities in the market.

The Group continued to adopt a prudent financial management policy. The Group did not enter into any derivative financial instrument, nor did the Group have any material foreign exchange exposure during the Period. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of its operating expenses.

HUMAN RESOURCES

As at 30 June 2018, the Group employed a global workforce of approximately 44,500 (31 December 2017: 42,800). The increase in the workforce was mainly to cope with business developments. 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 30 October 2018 to Wednesday, 31 October 2018 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for receiving the interim dividend and special interim dividend, the Company's shareholders are reminded to ensure that 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 Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 29 October 2018. The Company expects that the dividends will be paid on or around Friday, 7 December 2018.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2018, the interests of the Directors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position

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

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Kwok Wing	(Note 1)		

Notes:

- (1) Out of the 2,680,470 Shares, 942,405 Shares were held by Mr. Cheung Kwok Wing and 1,738,065 Shares were held by his spouse.
- (2) Out of the 7,787,228 Shares, 6,216,488 Shares were held by Mr. Chang Wing Yiu and 1,570,740 Shares were held by his spouse.
- (3) Out of the 1,583,200 Shares, 812,500 Shares were held by Mr. Ho Yin Sang and 770,700 Shares were held by his spouse.
- (4) Out of the 1,319,000 Shares, 1,299,000 Shares were held by Ms. Cheung Wai Lin, Stephanie and 20,000 Shares were held by her spouse.

(b) Share options of the Company ("Share Options")

Name of Director	Capacity	Interest in underlying Shares pursuant to Share Options
Mr. Cheung Kwok Wing	Beneficial owner	3,360,000
Mr. Chang Wing Yiu	Beneficial owner	2,660,000
Mr. Cheung Kwong Kwan	Beneficial owner	1,960,000
Mr. Ho Yin Sang (<i>Note</i>)	Beneficial owner/ Interest of spouse	3,100,000
Ms. Cheung Wai Lin, Stephanie	Beneficial owner	2,460,000
Mr. Cheung Ka Shing	Beneficial owner	3,160,000

Note: Out of the 3,100,000 Share Options, 1,440,000 Share Options were held by Mr. Ho Yin Sang and 1,660,000 Share Options were held by his spouse.

(c) Ordinary shares of HK\$0.10 each ("KLHL Shares") in KLHL, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of issued KLHL Shares held	Approximate percentage of the issued share capital of KLHL (%)
Mr. Cheung Kwok Wing (<i>Note 1</i>)	Beneficial owner/ Interest of spouse	1,143,000	0.037
Mr. Chang Wing Yiu (<i>Note 2</i>)	Beneficial owner/ Interest of spouse	9,200,000	0.299
Mr. Ho Yin Sang	Interest of spouse	2,543,000	0.082
Mr. Cheung Ka Shing	Beneficial owner	379,000	0.012
Ms. Cheung Wai Lin, Stephenie	Beneficial owner	200,000	0.006

Note:

- (1) Out of the 1,143,000 shares, 1,043,000 share were held by Mr. Cheung Kwok Wing and 100,000 shares were held by his spouse.
- (2) Out of the 9,200,000 shares, 7,500,000 shares were held by Mr. Chang Wing Yiu and 1,700,000 shares were held by his spouse.

(d) Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares held (<i>Note</i>)
Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chang Wing Yiu	Beneficial owner	423,200
Mr. Cheung Kwong Kwan	Beneficial owner	846,400
Mr. Ho Yin Sang	Beneficial owner	529,000

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.

(e) Ordinary shares ("EEIC Shares") in the share capital of EEIC, a non-wholly owned 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 Wing	Beneficial owner	1,547,200	0.827
Mr. Chang Wing Yiu	Beneficial owner	486,600	0.260
Mr. Ho Yin Sang	Beneficial owner	486,600	0.260

(f) Ordinary shares ("KBCF Shares") of US\$0.10 each in the share capital of KBCF, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of issued KBCF Shares held	Approximate percentage of the issued share capital of KBCF (%)
Mr. Ho Yin Sang	Interest of spouse	2,000	0.0002

Other than as disclosed above, as at 30 June 2018, the Company has not been notified of any other notifiable interests or short positions of the Directors of the Company 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).

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at 30 June 2018, shareholders who had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests disclosed above in respect of certain Directors, were as follows:

Name of shareholder	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hallgain Management Limited ("Hallgain") (Note)	Beneficial owner	403,713,500 (L)	37.85 (L)
FMR LLC	Investment manager	106,831,500 (L)	10.02 (L)
Fidelity Puritan Trust	Investment manager	86,181,000 (L)	8.08 (L)

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

Note:

As at 30 June 2018: (i) no shareholder of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors were not accustomed to act in accordance with any shareholder's direction; and (ii) Mr. Cheung Kwok Wing, being a Director, was also a director of Hallgain.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2018 which would fall to be disclosed to the Company under the provisions of Divisions 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.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2018, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange.

CHANGE OF COMPANY'S NAME

A special resolution in relation to the change of Company's name was passed by the Shareholders at the extraordinary general meeting held on 19 June 2018, and the English name of the Company has been changed from "Kingboard Chemical Holdings Limited" to "Kingboard Holdings Limited" and the Chinese name "建滔集團有限公司" as the dual foreign name of the Company has been adopted and registered in place of its existing Chinese name "建滔化工集團有限公司", both with effect from 19 June 2018. Please refer to the Company's announcement dated 10 May 2018 and 11 July 2018 and the circular of the Company dated 15 May 2018 in relation to, among other things, the change of name of the Company.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the interim report, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG 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 2018, save for the deviation that the independent non-executive Directors are not appointed for specific terms pursuant to Code A.4.1 of the CG Code. Notwithstanding the aforesaid deviation, all the Directors (including the independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meetings, in accordance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the 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"). Following a specific enquiry, each Director has confirmed that he or she has complied with the required standards as set out in the Model Code and the code of conduct regarding director's securities transactions adopted by the Company throughout the six months ended 30 June 2018.

By Order of the Board
Kingboard Holdings Limited
Cheung Kwok Wing
Chairman

Hong Kong, 24 August 2018

Board of Directors:

Executive Directors

Mr. Cheung Kwok Wing (*Chairman*)
Mr. Chang Wing Yiu (*Managing Director*)
Mr. Cheung Kwong Kwan
Mr. Ho Yin Sang
Ms. Cheung Wai Lin, Stephanie
Mr. Cheung Ka Shing
Mr. Chen Maosheng

Independent Non-Executive Directors

Mr. Cheung Ming Man
Dr. Chong Kin Ki
Mr. Leung Tai Chiu
Mr. Chan Wing Kee