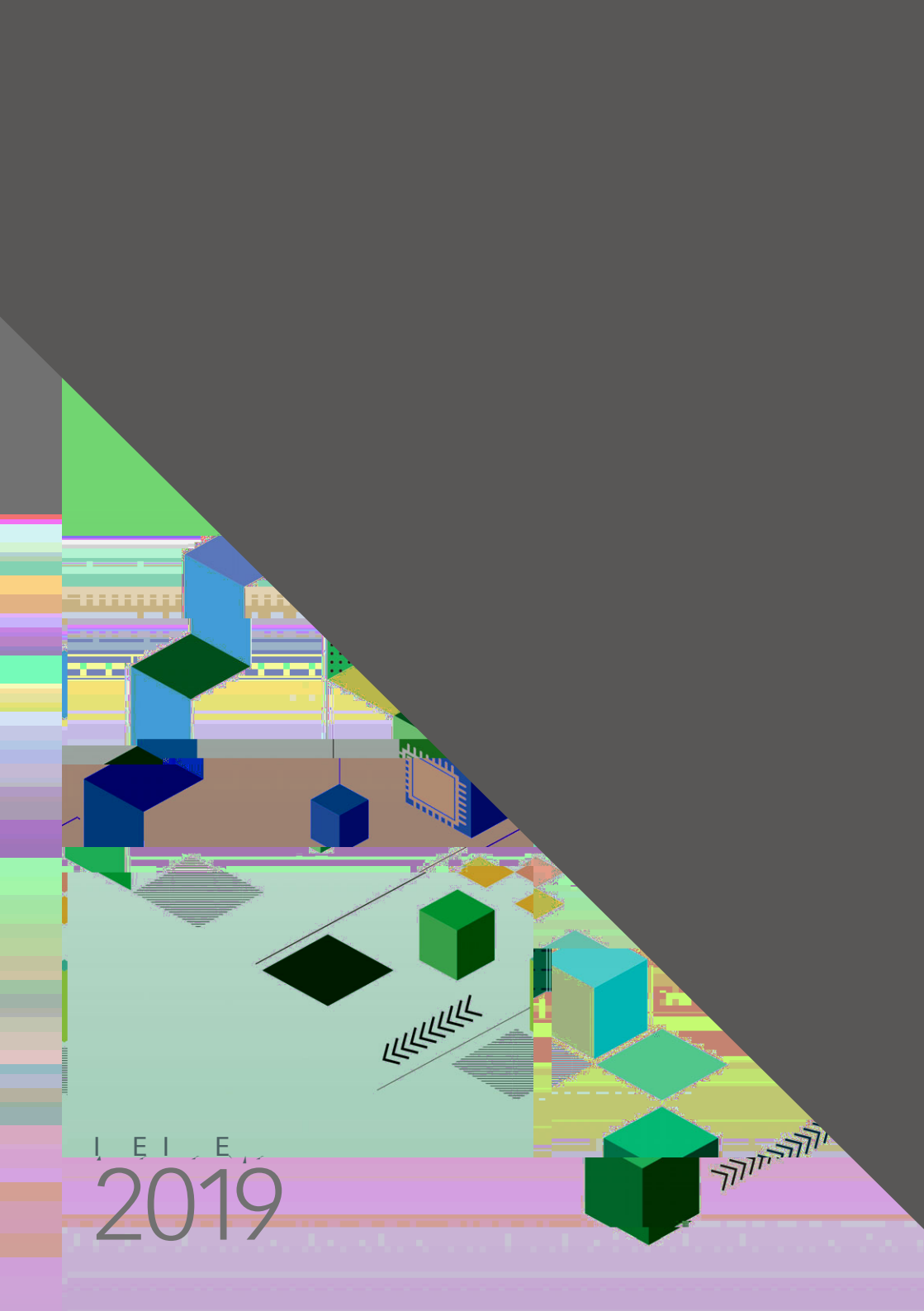




I E I E
2019

The board of directors (the “Board”) of Kingboard Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2019 together with the comparative figures for the corresponding period in 2018 as follows:

Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated)
Revenue	3	18,246,352	22,236,280
Cost of sales and services rendered		(14,424,921)	(17,297,696)
Gross profit		3,821,431	4,938,584
Other income, gains and losses	5	62,423	51,262
Distribution costs		(539,117)	(563,056)
Administrative expenses		(964,019)	(945,347)
Gain (Loss) on fair value changes of equity instruments at fair value through profit or loss		88,633	(41,656)
Gain on disposal of debt instruments at fair value through other comprehensive income		3,912	377
Gain on disposal of a subsidiary		—	2,089,808
Finance costs	6	(361,464)	(202,651)
Share of results of joint ventures		46,079	35,717
Share of results of associates		34,721	113,538
Profit before taxation		2,192,599	5,476,576
Income tax expense	7	(408,843)	(739,867)
Profit for the period		<u>1,783,756</u>	<u>4,736,709</u>
Profit for the period attributable to:			
Owners of the Company		1,441,626	4,169,007
Non-controlling interests		<u>342,130</u>	<u>567,702</u>

Other comprehensive income (expenses) for the period

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit for the period	<u>1,783,756</u>	<u>4,736,709</u>
Other comprehensive income (expenses) for the period:		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(3,533)	(671,719)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value gain (loss) on debt instruments measured at fair value through other comprehensive income	467,088	(335,661)
Translation reserve:		
Exchange differences arising from translation of foreign operations	—	1,186
Other comprehensive income (expenses) for the period (net of tax)	<u>463,555</u>	<u>(1,006,194)</u>
Total comprehensive income for the period	<u><u>2,247,311</u></u>	<u><u>3,730,515</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	1,871,866	3,183,959
Non-controlling interests	<u>375,445</u>	<u>546,556</u>
	<u><u>2,247,311</u></u>	<u><u>3,730,515</u></u>



	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Non-current assets			
Investment properties		17,957,187	16,925,863
Properties, plant and equipment	10	15,096,795	14,879,768
Prepaid lease payments		—	1,539,781
Right-of-use assets		1,620,693	—
Goodwill		2,467,076	2,467,076
Intangible asset		27,000	27,000
Interests in an associate		393,142	540,681
Interests in joint ventures		2,510,457	2,466,504
Equity instruments at fair value through profit or loss		2,290,487	1,291,534
Equity instruments at fair value through other comprehensive income		164,124	164,124
Debt instruments at fair value through other comprehensive income		10,682,467	8,876,637
Entrusted loans	11	539,415	605,789
Deposits paid for acquisition of properties, plant and equipment and investment properties		329,005	332,890
Deferred tax assets		3,139	3,653
		54,080,987	50,121,300
Current assets			
Inventories		3,114,419	2,956,116
Properties held for development		21,914,921	20,023,136
Trade and other receivables and prepayments	11	7,852,205	8,514,957
Bills receivables	11	3,285,595	4,545,599
Debt instruments at fair value through other comprehensive income		120,654	78,195
Other current assets		656,835	659,429
Prepaid lease payments		—	38,410
Taxation recoverable		20,332	19,873
Bank balances and cash		7,031,615	7,473,324
		43,996,576	44,309,039

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	12	6,645,015	6,424,456
Bills payables	12	453,685	512,566
Contract liabilities		5,172,370	3,448,068
Lease liabilities		2,940	—
Taxation payable		1,037,279	1,167,261
Bank borrowings – amount due within one year		8,750,730	7,254,600

7,940,640 (5,172,370) **2,768,270**



INTERIM REPORT 2019





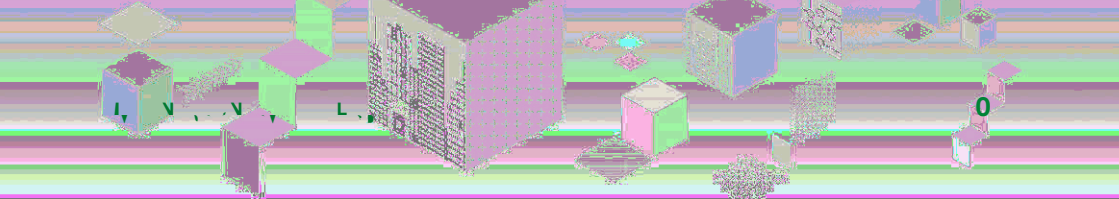
Attributable to owners of the Company

	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 2018	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	46,038,519	7,694,201	53,732,720
Adjustments due to adopting new standards	-	-	-	-	-	-	-	-	(58,772)	-	58,772	-	-	-
Balance at 1 January 2018 (restated)	106,645	5,866,532	1,911	2,560	1,810,841	10,594	705,148	256,370	50,373	2,066,022	35,162,523	46,038,519	7,694,201	53,732,720
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)	-	-	(408,885)	73,234	(335,651)
Exchange difference arising from translation of foreign operations	-	-	-	-	-	-	-	-	-	738	-	738	448	1,186
Exchange difference arising from translation to presentation currency	-	-	-	-	-	-	-	-	-	(576,891)	-	(576,891)	(94,823)	(671,719)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(408,885)	(576,153)	4,169,007	3,183,959	546,556	3,730,515
Final dividend for the year ended 31 December 2017	-	-	-	-	-	-	-	-	-	-	(1,066,452)	(1,066,452)	-	(1,066,452)
Acquisitions of additional interests in subsidiaries	-	-	-	-	(24,182)	-	-	-	-	-	-	(24,182)	(327,442)	(351,624)
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	2,418	2,418
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(523,349)	(523,349)
Transfers to reserve	-	-	-	-	-	-	83,921	-	-	-	(83,921)	-	-	-
	-	-	-	-	(24,182)	-	83,921	-	-	-	(1,150,373)	(1,090,634)	(848,373)	(1,939,007)
Balance at 30 June 2018	106,645	5,866,532	1,911	2,560	1,786,659	10,594	789,069	256,370	(388,522)	1,489,869	38,181,157	48,132,844	7,382,384	55,515,228



	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	4,512,020	440,807
Net cash used in investing activities	(4,284,589)	(6,336,510)
Net cash (used in) from financing activities	(669,140)	4,830,912
Net decrease in cash and cash equivalents	(441,709)	(1,064,791)
Cash and cash equivalents at the beginning of the period	7,473,324	8,113,756
Cash and cash equivalents at the end of the period, representing bank balances and cash	7,031,615	7,048,965



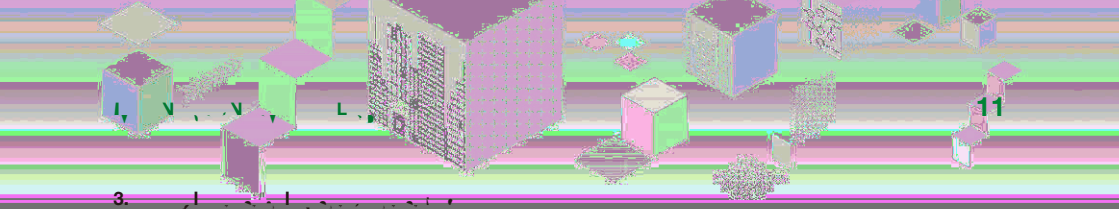


3. Segmental Information

Segment revenues and results by reportable segments are presented below:

	Laminates HK\$'000 (Unaudited)	PCBs HK\$'000 (Unaudited)	Chemicals HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Six months ended 30 June 2019								
Segment revenue								
External sales	6,107,758	4,337,534	6,225,181	896,590	398,680	280,609	-	18,246,352
Inter-segment sales	1,030,295	-	311,868	-	-	554	(1,342,717)	-
Total	<u>7,138,053</u>	<u>4,337,534</u>	<u>6,537,049</u>	<u>896,590</u>	<u>398,680</u>	<u>281,163</u>	<u>(1,342,717)</u>	<u>18,246,352</u>
Result								
Segment result	<u>997,442</u>	<u>270,772</u>	<u>378,282</u>	<u>577,012</u>	<u>491,226</u>	<u>(19,742)</u>		<u>2,694,992</u>
Unallocated corporate income								22,194
Unallocated corporate expenses								(243,923)
Finance costs								(361,464)
Share of results of joint ventures								46,079
Share of results of an associate								34,721
Profit before taxation								<u>2,192,599</u>



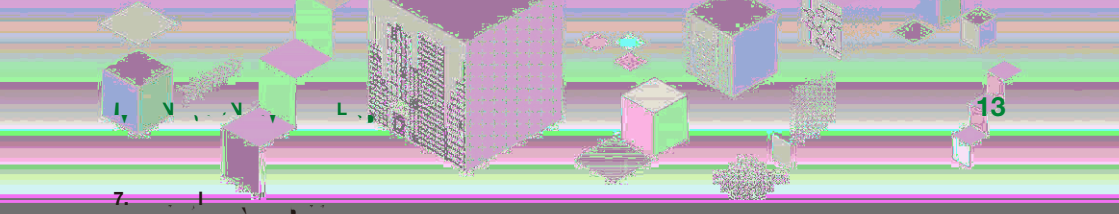


Laminates	PCBs	Chemicals	Properties	Investments	Others	Eliminations	Consolidated
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
							(Restated)

Six months ended 30 June 2018

Segment revenue							
External sales	7,914,490	4,456,752	8,324,933	1,087,758	217,671	234,676	22,236,280
Inter-segment sales	1,147,818	–	411,609	–	–	1,073	–
	<u>9,062,308</u>	<u>4,456,752</u>	<u>8,736,542</u>	<u>1,087,758</u>	<u>217,671</u>	<u>235,749</u>	<u>22,236,280</u>
Total							
	<u>9,062,308</u>	<u>4,456,752</u>	<u>8,736,542</u>	<u>1,087,758</u>	<u>217,671</u>	<u>235,749</u>	<u>22,236,280</u>
Result							
Segment result	1,913,176	280,472	1,114,269	652,977	176,393	(18,801)	4,118,486
	<u>1,913,176</u>	<u>280,472</u>	<u>1,114,269</u>	<u>652,977</u>	<u>176,393</u>	<u>(18,801)</u>	<u>4,118,486</u>
Gain on disposal of a subsidiary							2,089,808
Written off of properties, plant and equipment							(518,608)
Unallocated corporate income							31,989
Unallocated corporate expenses							(191,703)
Finance costs							(202,651)
Share of results of joint ventures							35,717
Share of results of associates							113,538
							<u>113,538</u>





	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	9,273	3,680
Taxation arising in other jurisdictions	<u>412,039</u>	<u>734,737</u>
	421,312	738,417
Deferred taxation		
(Credit) Charge for the period	<u>(12,469)</u>	<u>1,450</u>
	<u><u>408,843</u></u>	<u><u>739,867</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.

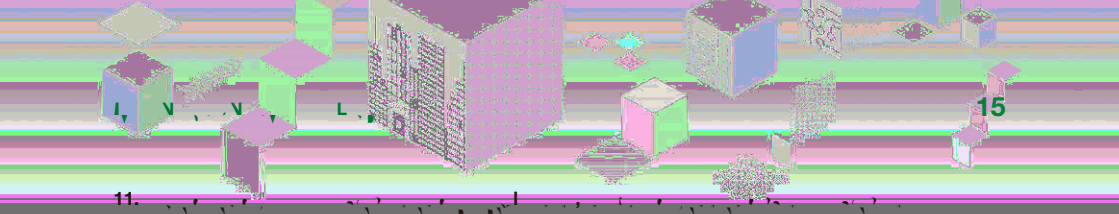
The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2019 of HK\$0.28 per share (2018: interim dividend of HK\$0.60 per share and special interim dividend of HK\$0.50 per share) to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 10 October 2019. The dividend warrants will be dispatched on or around Wednesday, 6 November 2019.



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

Six months ended 30 June	
	2019 2018
	HK\$'000 HK\$'000
	(Unaudited) (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share	1,441,626 4,169,007
Number of shares	
	30 June 2019 30 June 2018
	HK\$'000 HK\$'000
	(Unaudited) (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,083,152,236 1,066,452,236
Add: Effect of potentially dilutive ordinary shares relating to:	
– outstanding share options granted on 19 March 2015	– 10,776,706
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,083,152,236 1,077,228,942





30 June



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

All bills payables of the Group are aged within 90 days (31 December 2018: 90 days) at the end of the reporting period.



(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 annual general meeting held on 27 May 2019. 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, 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 the grant of the options 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 108,315,223 shares, which represents approximately 10% 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.

There has been no options outstanding, granted, exercised, cancelled or lapsed under the Scheme during the Period.

13.

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

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 meeting; (iii) the



(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. 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).

13.

(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.

A summary of movements of the number of share options under the KLHL Scheme for the Period is as follows:

Date of grant	Grant during the period <i>(Note 1)</i>	Exercise price per share	Balance at 30 June 2019	Exercisable period
Granted to directors of KLHL 3 April 2019	26,200,000	HK\$8.39	26,200,000	3 April 2019 to 2 April 2029
Granted to employees of KLHL <i>(Note 2)</i> 3 April 2019	12,800,000	HK\$8.39	12,800,000	3 April 2019 to 2 April 2029
	<u>39,000,000</u>		<u>39,000,000</u>	
Exercisable at 30 June 2019	<u>39,000,000</u>			

Notes:

- The fair value of the options granted under the KLHL Scheme during the Period was HK\$17,807,400 (HK\$0.4566 each) (options granted within the period of the 6 months ended 30 June 2018: Nil).
- Including the spouse of Mr. Ho Yin Sang, a Director of the Company, in respect of 11,300,000 options.



13.

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

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

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

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

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of 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.

14.

Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of an investment property	–	709,750
– acquisition of properties, plant and equipment	363,599	565,339
	363,599	1,275,089
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	1,852,065	1,689,242
	2,215,664	2,964,331

15. Related Party Transactions

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Sales of goods to subsidiaries of a shareholder with significant influence to the Group	281,234	360,287
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group	389,403	447,213
Sales of goods to a non-controlling shareholder of a subsidiary	25,566	25,678
Purchase of goods from an associate	194,728	203,513

Included in trade and other receivables and prepayments as at 30 June 2019 was an amount due from a non-controlling shareholder of a subsidiary of approximately HK\$10,218,000 (31 December 2018: HK\$9,488,000).

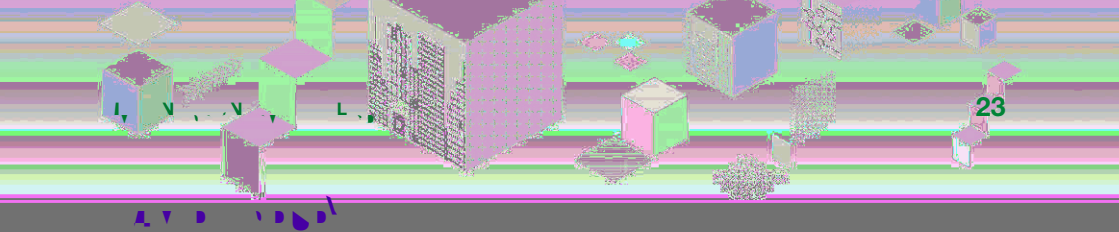
Included in trade and other receivables and prepayments as at 30 June 2019 was an advance payment to an associate of approximately HK\$6,523,000 (31 December 2018: amount due to an associate of HK\$10,672,000).

16. Financial Guarantees

The Group provided guarantees amounting to approximately HK\$1,395,481,000 as at 30 June 2019 (31 December 2018: HK\$527,397,000) 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 the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 30 June 2019 and 31 December 2018.

Guarantees are given to banks with respect to loans procured by the purchasers of properties that were developed by the Group. 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.





On behalf of the Board, I am delighted to report that Kingboard Holdings Limited and its subsidiaries (the “Group”) delivered a set of healthy results during the six months ended 30 June 2019 (the “Period”). During the Period, as there were no signs of the US-China trade disputes abating, demand of electronics sector continued to be affected. The laminates division was therefore faced with a relatively competitive market. The printed circuit board (“PCB”) division, on the other hand, benefited from an expanded market share for telecommunications equipment related orders, thus offsetting the shocks brought by the demand slide. At the same time, the slowdown in the economy had a dampening effect on chemicals consumption. Therefore, chemical division’s product prices has shown a downward trend. The property division was able to generate a stable stream of rental income and pre-sales proceeds, while maintaining higher profitability.

The Group was able to cope with complex market challenges by leveraging its diversified business portfolio and taking advantage of synergies derived from its vertical integration, as well as active expansion of sales channels. All core divisions continued to make profit contributions to the Group during the Period. The overall performance showed a decline which was mainly attributable to the fact that last year, the market was in a position of acute supply shortage giving a strong boost to unit product prices. However, the gap between supply and demand in the first half of this year has narrowed. Taking into account high comparative figures of the same period last year, the period-over-period price of certain products fell, and thus earnings decline.

Group revenue decreased 18% year on year to HK\$18,246.4 million, with the underlying net profit also declining 45% to HK\$1,441.6 million. Reported net profit dropped 65% to HK\$1,441.6 million, mainly owing to the absence of certain extraordinary or exceptional items when compared with the same period last year. The Board has resolved to recommend an interim dividend of HK\$0.28 cents per share.



* Excluding:

- (1) Gain on disposal of a subsidiary of HK\$2,089.8 million from 1 January 2018 to 30 June 2018 (1 January 2019 to 30 June 2019: Nil).
- (2) Written off of properties, plant and equipment of HK\$518.6 million from 1 January 2018 to 30 June 2018 (1 January 2019 to 30 June 2019: Nil).

The Group maintained its position as the world's top laminates producer for the fourteenth consecutive year. During the Period, laminates shipments remained in the similar range of the previous corresponding period. But product prices had been adjusted in line with the demand drop. The laminates division's turnover (including inter-segment sales) therefore decreased 21% to HK\$7,138.1 million. Earnings before interest, tax, depreciation and amortisation ("EBITDA") declined 43% to HK\$1,278.9 million.

In terms of PCB business, the rollout of 5G telecommunications networks has brought significant order growth for high-grade PCB products. The PCB division yielded satisfactory achievement from its increased engagement of industry-leading customers. In response to market changes, the division has expedited the upgrading of the product mix, which generated a steady performance in sale volume. The PCB division's turnover decreased 3% to HK\$4,337.5 million, with EBITDA growing 3% to HK\$565.3 million.

For chemical business, caustic soda capacity got expanded and new epichlorohydrin production line was successfully added to the halogen chemical plant in Hengyang, Hunan Province. However, demand has weakened as a result of a general slowdown in the economy, and prices of major chemicals of the division have declined on period-over-period basis. Thus, the chemicals division's turnover (including inter-segment sales) decreased 25% to HK\$6,537.1 million. EBITDA was down 54% to HK\$705.4 million.

The property division continued with its planned sales of residential projects, as well as the leasing of commercial properties. As the number of completed units could be delivered decreased during the Period, property sales turnover was down to HK\$341.3 million. Rental income increased to HK\$555.3 million with the expiry of rent-free periods and an improvement in occupancy rates. Property segment turnover dropped 18% to HK\$896.6 million, and there was a 12% decrease in EBITDA to HK\$579.2 million.

As at 30 June 2019, the Group held in approximately HK\$2,455 million and HK\$10,803 million respectively of equity and debt instruments, representing approximately 3% and 11% respectively of the total assets of the Group as at 30 June 2019, 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 purchases. The Group will from time to time monitor the 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 2019:

Name of debt instruments	Fair value as at 30 June 2019 HK\$'000	Bond interest for the Period HK\$'000
Bonds listed on Singapore Exchange Securities Trading Limited ("SGX") by Country Garden Holdings Limited (HK stock code: 2007)		
(i) fixed coupon interest 4.75% per annum and maturity date in September 2023	1,056,393	25,750
(ii) fixed coupon interest 7.125% per annum and maturity date in January 2022	1,389,066	47,046
(iii) fixed coupon interest 8% per annum and maturity date on January 2024	1,429,579	53,023
Bond listed on SGX by Guangzhou R&F Properties Co., Ltd. (HK stock code: 2777):		
(i) fixed coupon rate of 5.875% per annum and maturity date in February 2023	1,489,231	45,574
(ii) fixed coupon rate of 8.75% per annum and maturity date in January 2021	790,020	36,910
(iii) fixed coupon rate of 7% per annum and maturity date in April 2021	954,484	32,461
(iv) fixed coupon rate of 8.875% per annum and maturity date in September 2021	803,888	34,157
Bond listed on Stock Exchange by KWG Group Holdings Limited (HK stock code: 1813)		
(i) fixed coupon rate of 6% per annum and maturity date in January 2022	637,202	18,873
(ii) fixed coupon rate 9.85% per annum and maturity date in November 2020	820,540	37,699
	9,370,403	331,493

Save as the debt instruments as set out in the table above, the aggregate fair value of other equity and debt instruments held by the Group as at 30 June 2019 do not exceed 5% of the consolidated total assets of the Group as at 30 June 2019.

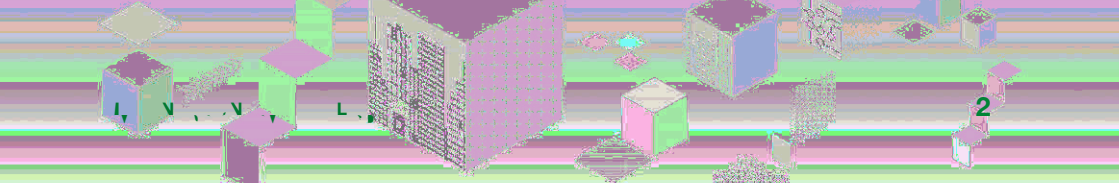
Based on the announcement of Country Garden Holdings Company Limited (stock code: 2007) ("CGH") dated 21 September 2016, 19 September 2018 and 2 October 2018: (i) the senior notes ("CGH September 2023 Senior Notes") were issued by CGH in September 2016, and due in September 2023. The CGH September 2023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

Based on the announcements of Guangzhou R&F Properties Co., Ltd. (stock code: 2777) ("GRFP") dated 13 November 2017, 4 January 2019, 18 April 2018 and 19 September 2018: (i) the senior notes ("GRFP February 2023 Senior Notes") were issued by GRFP in November 2017, and due in February 2023. The GRFP February 2023 Senior Notes are listed on SGX and carries an interest of 5.875% per annum and interests are payable semi-annually. The proceeds from the GRFP February 2023 Senior Notes was intended to be used to refinance debt and for general corporate purposes of GRFP; (ii) the senior notes ("GRFP January 2021 Senior Notes") were issued by GRFP in January 2019, and due in January 2021. The GRFP January 2021 Senior Notes are listed on SGX and carries an interest of 8.75% per annum and interests are payable semi-annually. The proceeds from the GRFP January 2021 Senior Notes was mainly for offshore refinancing; (iii) the senior notes due April 2021 ("GRFP April 2021 Senior Notes") were issued by GRFP in April 2018, and due in April 2021. The GRFP April 2021 Senior Notes is listed on the SGX and carries an interest of 7% per annum and interests are payable semi-annually. The proceeds from GRFP April 2021 Senior Notes was intended to finance debt and for general corporate purposes; and (iv) the senior notes due September 2021 ("GRFP September 2021 Senior Notes") were issued by GRFP in September 2018, and due in September 2021. The GRFP September 2021 Senior Notes is listed on the SGX and carries an interest of 8.875% per annum and interests are payable semi-annually. The net proceeds from GRFP September 2021 Senior Notes was mainly for offshore refinancing. According to the 2019 interim results announcement of GRFP, the net debt to total equity ratio of GRFP increased to 219% at 30 June 2019 from 184% at 31 December 2018.



Based on the announcement of KWG Group Holdings Limited (stock code: 1813) ("KWG") dated





Included in bank borrowings are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
US\$	562,211	624,034
HK\$		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Heading into the second half of the year, the laminates division is planning to increase the capacities of copper foil and glass epoxy laminates ("FR4"), and will go into full gear to obtain customers' accreditation of the high-value-adding products. The Group is thoroughly alert to the short-term impact of the trade disputes and economic slowdown on the overall consumption of electronic products; however this is not the first time it has had to cope with situations of weakened market demand. Leveraging on its vertically integrated production model, the division will enhance its product mix in accordance with market demand changes. The division will also ride on its cost advantage to expand client coverage, in order to ready itself and store up momentum ahead of future market recovery.

The PCB business is expected to achieve higher facilities utilisation for high-grade PCB capacities on the back of anticipated order growth from base stations and servers. Automated equipment will also be commissioned consecutively to serve the production of PCBs for usage by telecommunications networks. With a higher level of automation, both production volume and efficiency are expected to be enhanced.

The tightening of both environmental and safety requirements by the Chinese government has brought both challenges and opportunities. The chemicals division will continue to pledge full efforts in ensuring the meeting of production safety and emissions regulations. It will also work to enhance its production efficiency, while optimising resources usage to reduce energy consumption. It is expected that the newly commissioned caustic soda and epichlorohydrin production lines will reach full capacity during the second half of the year, adding further growth momentum for the division. On the robust foundation of its Mainland production base, the Group will seek to diversify its product portfolio and will continue to seek overseas expansion opportunities.

The property division will actively proceed with its planned sales of the residential projects in eastern China with a view to speeding up the recouping of funds. The Group's first residential project in Hong Kong is also scheduled for completion during the second half of 2019. In view of the thriving property market in Hong Kong, the project will likely generate substantial return on investment.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

NOTICE OF ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, 9 October 2019 to Thursday, 10 October 2019 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for receiving the 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 8 October 2019.

As at 30 June 2019, 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:

As at 30 June 2019

() 1,221,905 Shares at \$0.10 each (Note 1)

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Kwok Wing	Beneficial owner	1,221,905	0.113
Mr. Chang Wing Yiu (Note 1)	Beneficial owner/ Interest of spouse	6,587,228	0.608
Mr. Cheung Kwong Kwan	Beneficial owner	464,500	0.043
Mr. Ho Yin Sang (Note 2)	Beneficial owner/ Interest of spouse	1,529,200	0.141
Ms. Cheung Wai Lin, Stephanie (Note 3)	Beneficial owner/ Interest of spouse	699,000	0.065
Mr. Cheung Ka Shing	Beneficial owner	1,521,000	0.140
Mr. Cheung Ming Man	Beneficial owner	10,000	0.001
Dr. Chong Kin Ki	Beneficial owner	90,000	0.008

Notes:

- (1) Out of the 6,587,228 Shares, 5,916,488 Shares were held by Mr. Chang Wing Yiu and 670,740 Shares were held by his spouse.
- (2) Out of the 1,529,200 Shares, 812,500 Shares were held by Mr. Ho Yin Sang and 716,700 Shares were held by his spouse.
- (3) Out of the 699,000 Shares, 679,000 Shares were held by Ms. Cheung Wai Lin, Stephanie and 20,000 Shares were held by her spouse.

(b) The exercise price of the share options is \$0.10. The share options are exercisable at any time after the date of grant.

Name of Director	Capacity	Number of KLHL Shares held	Approximate percentage of the issued share capital of KLHL (%)
Mr. Cheung Kwok Wing	Beneficial owner	1,143,000	0.037
Mr. Chang Wing Yiu (Note)	Beneficial owner/ Interest of spouse	8,300,000	0.269
Mr. Ho Yin Sang	Interest of spouse	543,000	0.018
Mr. Cheung Ka Shing	Beneficial owner	379,000	0.012

Note:

Out of the 8,300,000 shares, 7,500,000 shares were held by Mr. Chang Wing Yiu and 800,000 shares were held by his spouse.

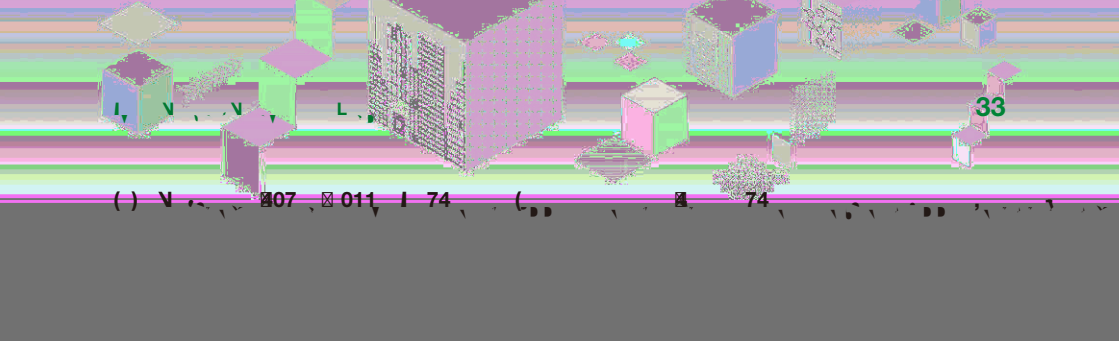
(c) The following table shows the interest in underlying KLHL Shares pursuant to KLHL Share Options:

Name of Director	Capacity	Interest in underlying KLHL Shares pursuant to KLHL Share Options
Mr. Ho Yin Sang	Interest of spouse	11,300,000

(d) The exercise price of the non-voting deferred shares is \$1. The non-voting deferred shares are exercisable at any time after the date of grant.

Name of Director	Capacity	Number of non-voting deferred shares held (Note)
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.



So far as is known to the Directors, as at 30 June 2019, 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	422,592,872 (L)	39.02 (L)
FMR LLC	Investment manager	108,266,700 (L)	10.00 (L)
Fidelity Puritan Trust	Investment manager	86,079,500 (L)	7.95 (L)

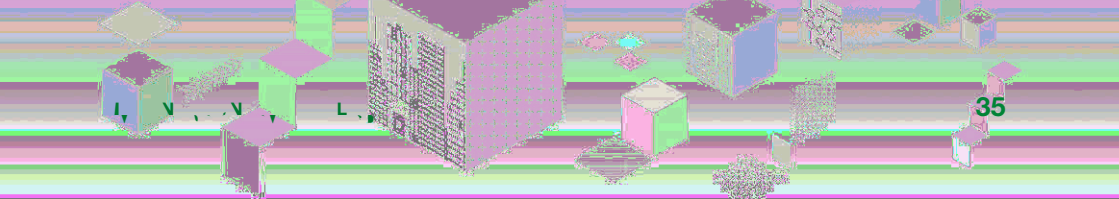
(L) The letter "L" denotes a long position.

Note:

As at 30 June 2019: (i) no shareholder of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors 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 2019 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.





Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, each Director has confirmed that he or she has complied with the required 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 2019.

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

Hong Kong, 9 August 2019

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

