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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

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

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

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

3. REVENUE

Analysis of revenue for the period is as follows:

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

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

Notes:

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

4. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Chief Operating Decision Maker (“CODM”) in order to allocate resources to segments and to assess their performance. Specifically, the Group’s operating and reportable segments under HKFRS 8 are organised into three main operating divisions – (i) manufacturing and sale of laminates; (ii) properties; and (iii) investments. The management aggregated the sales of properties, rental and hotel income business into one reportable segment because the financial performance of these businesses are affected by changes in the property market. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (unallocated corporate income and expenses and finance costs).

Segment revenue and results

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

Six months ended 30 June 2019	Laminates <i>HK\$’000</i> (Unaudited)	Properties <i>HK\$’000</i> (Unaudited)	Investments <i>HK\$’000</i> (Unaudited)	Consolidated <i>HK\$’000</i> (Unaudited)
Segment revenue	<u>6,980,563</u>	<u>405,935</u>	<u>244,722</u>	<u>7,631,220</u>
Segment results	<u>981,061</u>	<u>186,849</u>	<u>244,179</u>	<u>1,412,089</u>
Unallocated corporate income				18,685
Unallocated corporate expenses				(26,808)
Finance costs				<u>(69,289)</u>
Profit before taxation				<u>1,334,677</u>
Six months ended 30 June 2018	Laminates <i>HK\$’000</i> (Unaudited)	Properties <i>HK\$’000</i> (Unaudited)	Investments <i>HK\$’000</i> (Unaudited)	Consolidated <i>HK\$’000</i> (Unaudited) (Restated)
Segment revenue	<u>8,962,801</u>	<u>638,546</u>	<u>82,933</u>	<u>9,684,280</u>
Segment results	<u>1,852,545</u>	<u>309,009</u>	<u>77,253</u>	<u>2,238,807</u>
Unallocated corporate income				16,288
Unallocated corporate expenses				(38,725)
Finance costs				<u>(33,001)</u>
Profit before taxation				<u>2,183,369</u>

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

5. OTHER INCOME, GAINS AND LOSSES

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

6. FINANCE COSTS

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

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

7. DEPRECIATION

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

8. INCOME TAX EXPENSE

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

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

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

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

9. DIVIDENDS

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

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

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

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

11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

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

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

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

The Group allows credit periods of up to 120 days (31 December 2018: 120 days), depending on the products sold to its trade customers.

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

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

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

13. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
Trade payables	1,115,926	1,284,816
Accrued expenses	410,410	418,684
Payables for acquisition of properties, plant and equipment	56,714	63,111
Other tax payables	689,406	637,737
VAT payables	119,843	154,686
Land appreciation tax payables	157,141	457,990
Other payables	54,429	178,752
	<hr/>	<hr/>
	2,603,869	3,195,776
Bills payables	288,148	248,352
	<hr/>	<hr/>
	2,892,017	3,444,128
	<hr/>	<hr/>

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

	30 June 2019 <i>HK\$'000</i> (Unaudited)	31 December 2018 <i>HK\$'000</i> (Audited)
0–90 days	994,905	1,178,684
91–180 days	72,170	49,192
Over 180 days	48,851	56,940
	<hr/>	<hr/>
	1,115,926	1,284,816
	<hr/>	<hr/>

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

BUSINESS REVIEW

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

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

Financial Highlights

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

PERFORMANCE

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

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

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2019, net current assets and current ratio of the Group were approximately HK\$8,433.6 million (31 December 2018: HK\$9,555.4 million) and 2.47 (31 December 2018: 2.59) respectively.

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

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

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

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

HUMAN RESOURCES

As at 30 June 2019, the Group had approximately 10,100 (31 December 2018: 10,200) employees. In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance.

PROSPECTS

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

The sale of residential projects in Kunshan, Jiangsu Province, will proceed as planned, recording smooth progress. Anticipating a decrease in construction expenses, the property division will continue to generate net cash inflow.

APPRECIATION

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 9 October 2019 to Thursday, 10 October 2019 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend, the Company's shareholders are reminded to ensure all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 8 October 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been in compliance with the relevant provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”) throughout the six-month period ended 30 June 2019, save for the deviation from code A.4.1 of the CG Code, since the independent non-executive Directors are not appointed for specific terms. Notwithstanding the aforesaid deviation, all the Directors (including the non-executive Director and independent non-executive Directors) are subject to retirement by rotation and re-election at the Company’s annual general meeting, in accordance with the Company’s Articles of Association. As such, the Company considers that steps have been taken with a view to ensuring that the Company’s corporate governance practices are in line with the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, each Director has confirmed that he or she has complied with the required standards as set out in the Model Code and the code of conduct regarding Director’s securities transactions adopted by the Company throughout the six-month period ended 30 June 2019.

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

Hong Kong, 9 August 2019

As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho, Liu Min and Zhou Pei Feng, being the executive Directors, Mr. Lo Ka Leong, being the non-executive Director, and Messrs. Leung Tai Chiu, Ip Shu Kwan, Stephen, Zhang Lu Fu and Lau Ping Cheung, Kaizer, being the independent non-executive Directors.