



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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	26,701,492	19,925,648
Cost of sales and services rendered		(18,011,631)	(14,924,582)
Gross profit		8,689,861	5,001,066
Other income, gains and losses	5	116,277	68,664
Distribution costs		(639,023)	(495,619)
Administrative expenses		(1,228,597)	(1,037,081)
Gain/(Loss) on fair value changes of equity instruments at fair value through profit or loss		370,352	(1,001,730)
Gain on disposal of debt instruments at fair value through other comprehensive income		49,133	84,557
Finance costs	6	(108,078)	(287,993)
Share of results of joint ventures		41,926	39,852
Share of result of an associate		51,380	(5,776)
Profit before taxation		7,343,231	2,365,940
Income tax expense	7	(1,401,987)	(825,380)
Profit for the period		5,941,244	1,540,560
Profit for the period attributable to:			
Owners of the Company		5,061,729	1,059,192
Non-controlling interests		879,515	481,368
		5,941,244	1,540,560
		HK\$ (Unaudited)	HK\$ (Unaudited)
Earnings per share	9		
– Basic		4.573	0.964
– Diluted		4.569	0.963

Other Comprehensive Income/(Expenses) for the Period

	Six months ended 30 June 2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the period	5,941,244	1,540,560
Other comprehensive income/(expenses) for the period:		
Item that will not be reclassified to profit or loss:		
Translation reserve:		
Exchange differences arising from translation to presentation currency	515,527	(476,430)
Items that may be reclassified subsequently to profit or loss:		
Investment revaluation reserve:		
Fair value loss on debt instruments measured at fair value through other comprehensive income	(2,331)	(32,076)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(49,133)	(84,557)
	(51,464)	(116,633)
Other comprehensive income (expenses) for the period (net of tax)	464,063	(593,063)
Total comprehensive income for the period	6,405,307	947,497
Total comprehensive income for the period attributable to:		
Owners of the Company	5,490,283	538,933
Non-controlling interests	915,024	408,564
	6,405,307	947,497

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Investment properties		20,423,378	20,053,947
Properties, plant and equipment	10	14,498,132	14,576,075
Right-of-use assets		1,781,078	1,736,680
Goodwill		2,670,528	2,670,528
Intangible asset		51,120	54,360
Interest in an associate		426,529	369,314
Interests in joint ventures		2,533,270	2,609,520
Equity instruments at fair value through profit or loss		2,553,398	3,327,715
Debt instruments at fair value through other comprehensive income		2,136,251	1,741,763
Entrusted loans	11	349,447	398,241
Deposits paid for acquisition of properties, plant and equipment		704,231	150,858
Deferred tax assets		2,671	2,667

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Notes		
Current liabilities			
Trade and other payables	12	7,112,933	6,538,122
Bills payables	12	273,345	377,036
Contract liabilities		5,889,715	3,789,029
Dividend payable		–	1,930,710
Taxation payable		2,246,341	1,880,064
Bank borrowings – amount due within one year		14,265,173	8,612,099
Lease liabilities		4,004	4,212
		<u>29,791,511</u>	<u>23,131,272</u>
Net current assets		<u>19,611,371</u>	<u>22,426,198</u>
Total assets less current liabilities		<u>67,741,404</u>	<u>70,117,866</u>
Non-current liabilities			
Deferred tax liabilities		687,853	690,621
Bank borrowings – amount due after one year		3,338,954	8,618,747
Lease liabilities		9,311	9,792
		<u>4,036,118</u>	<u>9,319,160</u>
		<u>63,705,286</u>	<u>60,798,706</u>
Capital and reserves			
Share capital		110,879	110,579
Reserves		58,599,762	55,754,324
Equity attributable to owners of the Company		58,710,641	55,864,903
Non-controlling interests		4,994,645	4,933,803
Total equity		<u>63,705,286</u>	<u>60,798,706</u>

	Attributable to owners of the Company													
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share-base payments 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 2021	110,579	6,565,860	1,911	13,577	1,291,027	10,594	1,941,099	280,381	(143,962)	2,837,405	42,956,232	55,864,903	4,933,803	60,798,706
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,061,729	5,061,729	879,515	5,941,244
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(6,589)	-	-	(6,589)	4,258	(2,331)
Reclassify to profit or loss upon disposal of debt instruments through other comprehensive income	-	-	-	-	-	-	-	-	(44,060)	-	-	(44,060)	(5,073)	(49,133)
Exchange difference arising from translation to presentation currency	-	-	-	-	-	-	-	-	-	479,203	-	479,203	36,324	515,527
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	(50,649)	479,203	5,061,729	5,490,283	915,024	6,405,307
Issue of new shares from exercise of share options	300	65,099	-	(13,487)	-	-	-	-	-	-	-	51,912	-	51,912
Final dividend for the year ended 31 December 2020	-	-	-	-	-	-	-	-	-	(2,214,583)	(2,214,583)	(2,214,583)	-	(2,214,583)
Acquisitions of additional interests in subsidiaries	-	-	-	-	(800,801)	-	-	-	-	-	-	(800,801)	(400,823)	(1,201,624)
Disposal of partial interests in subsidiary	-	-	-	-	318,927	-	-	-	-	-	-	318,927	249,427	568,354
Repayment to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(282,541)	(282,541)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(420,245)	(420,245)
Transfers to reserve	-	-	-	-	-	-	247,790	-	-	-	(247,790)	-	-	-
	300	65,099	-	(13,487)	(481,874)	-	247,790	-	-	-	(2,462,373)	(2,644,545)	(854,182)	(3,498,727)
Balance at 30 June 2021	110,879	6,630,959	1,911	90	809,153	10,594	2,188,889	280,381	(194,611)	3,316,608	45,555,588	58,710,641	4,994,645	63,705,286

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	3,510,430	3,302,645
Net cash from investing activities	69,652	3,268,127
Net cash used in financing activities	<u>(5,294,296)</u>	<u>(5,823,662)</u>
Net (decrease) increase in cash and cash equivalents	(1,714,214)	747,110
Cash and cash equivalents at the beginning of the period	<u>6,568,857</u>	<u>6,256,964</u>
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u><u>4,854,643</u></u>	<u><u>7,004,074</u></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 (the "Listing rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Basis of measurement

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 amendments to Hong Kong Financial Reporting Standards ("HKFRS"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

Application of amendments to HKFRS

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19 – Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. Impacts and accounting policies on application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2021.

3. Operating Segments

HKFRS 8 “Operating Segments” (“HKFRS 8”) requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, who are the Chief Operating Decision Maker (“CODM”), in order to allocate resources to segments and to assess their performance. Specifically, the Group’s reportable segments under HKFRS 8 are organised into six 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, (v) investments (mainly investment income from debt instruments at fair value through other comprehensive income, equity instruments at fair value through profit or loss and equity instruments at fair value through other comprehensive income) and (vi) others (mainly including service income, manufacture and sale of magnetic products and hotel business). The management aggregated the sales of properties and rental income business into one reportable segment because the financial performance of both businesses are affected by changes in the property market. In addition, the management aggregated service income, hotel business and manufacture and sale of magnetic products into one reportable segment because the revenue, results, assets and liabilities of each business are insignificant to the Group. No other operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

3. Segment Revenues and Results

Segment revenues and results by reportable segments are presented below:

3. Segment Information

	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)
Segment revenue								
External sales	5,592,085	4,271,597	4,828,399	4,857,901	155,419	220,247	–	19,925,648
Inter-segment sales	1,093,822	–	295,562	–	–	4,688	(1,394,072)	–
Total	<u>6,685,907</u>	<u>4,271,597</u>	<u>5,123,961</u>	<u>4,857,901</u>	<u>155,419</u>	<u>224,935</u>	<u>(1,394,072)</u>	<u>19,925,648</u>
Result								
Segment result	<u>1,083,613</u>	<u>303,266</u>	<u>279,323</u>	<u>1,906,073</u>	<u>(761,752)</u>	<u>5,329</u>		2,815,852
Unallocated corporate income								35,375
Unallocated corporate expenses								(231,370)
Finance costs								(287,993)
Share of result of a joint venture								39,852
Share of results of an associate								<u>(5,776)</u>
Profit before taxation								<u>2,365,940</u>

Inter-segment sales are charged on a cost-plus basis with an arm's length margin.

4. Depreciation

During the reporting period, depreciation of approximately HK\$871,284,000 (six months ended 30 June 2020: HK\$799,440,000) was charged in respect of the Group's properties, plant and equipment.

5. Other income, gains and losses

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income from bank balances and deposits	19,692	33,198
Interest income on entrusted loans	11,311	11,791
Interest income on loan receivable	20,252	14,383
Government grants	47,963	17,284
Others	17,059	(7,992)
	<u>116,277</u>	<u>68,664</u>

6. Interest on borrowings

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank borrowings	139,263	311,656
Imputed interest on contract liabilities	4,722	3,375
Interest on lease liabilities	292	234
Less: Amounts capitalised in the construction in progress	(5,835)	(6,059)
Amounts capitalized in the properties held for development	(30,364)	(21,213)
	<u>108,078</u>	<u>287,993</u>

Bank and other borrowing costs capitalised during the reporting period include imputed interest on contract liabilities of HK\$4,722,000 (six months ended 30 June 2020: HK\$3,375,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 3% (six months ended 30 June 2020: 2.4%) per annum to expenditure on qualifying assets.

The amount comprises:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax	1,363,462	540,258
PRC Land Appreciation Tax ("LAT")	—	134,036
Hong Kong Profits Tax	15,875	147,446
Taxation arising in other jurisdictions	28,868	11,098
	<u>1,408,205</u>	<u>832,838</u>
Deferred taxation	(6,218)	(7,458)
	<u><u>1,401,987</u></u>	<u><u>825,380</u></u>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

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

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

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

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

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

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2021 of HK\$0.56 per share (2020: interim dividend of HK\$0.28 per share) to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 10 December 2021. The dividend warrants will be dispatched on or around Friday, 7 January 2022.

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share	<u>5,061,729</u>	<u>1,059,192</u>
	Number of shares	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,106,786,211	1,099,291,456
Add: Effect of potentially dilutive ordinary shares arising from share options	<u>1,090,282</u>	<u>437,432</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,107,876,493</u>	<u>1,099,728,888</u>

10. Acquisition of properties, plant and equipment

During the reporting period, the Group spent approximately HK\$905,694,000 (six months ended 30 June 2020: HK\$939,564,000) on acquisition of properties, plant and equipment.

11. TRADE RECEIVABLES, PREPAYMENT AND DEPOSITS, OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	10,518,429	8,532,641
Less: Allowance for credit losses	(1,201,920)	(1,171,133)
Total receivables, net	9,316,509	7,361,508
Advance to suppliers	429,071	400,161
Entrusted loans (Note)	378,870	431,771
Prepayment and deposits	634,320	581,777
Value added tax recoverables	467,892	435,787
Other receivables	212,100	140,285
	11,438,762	9,351,289
Less: Non-current portion of entrusted loans (Note)	(349,447)	(398,241)
	11,089,315	8,953,048

Note: The entrusted loans of HK\$378,870,000 (31 December 2020: HK\$431,771,000) are due from certain purchasers of properties developed by the Group in the PRC through four (31 December 2020: four) commercial banks in the PRC (the "Lending Agents"). The entrusted loans carry interest at variable rates ranging from 3.43% to 5.39% (31 December 2020: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (31 December 2020: 2034). The purchasers of the Group's properties has pledged to the Lending Agents the respective properties purchased. These properties are located at Kunshan, PRC.

As at 30 June 2021, entrusted loans amounting to HK\$349,447,000 (31 December 2020: HK\$398,241,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

11. Trade receivables

The Group allows credit period of up to 120 days (31 December 2020: 120 days), depending on the products sold to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0–90 days	7,947,900	6,306,076
91–120 days	706,102	538,622
121–150 days	469,226	341,673
151–180 days	105,436	88,230
Over 180 days	87,845	86,907
	<u>9,316,509</u>	<u>7,361,508</u>

Bills receivables of the Group are all aged within 90 days (31 December 2020: 90 days) based on invoice date at the end of the reporting period.



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

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

Date of grant	Balance at 1 January 2021	Granted during the period	Exercised during the period	Balance at 30 June 2021	Exercise price per share	Exercisable period
<i>Granted to directors on:</i>						
14 August 2019						
Mr. Ho Yin Sang	1,500,000	–	(1,500,000)	–	HK\$17.304	14 August 2019 to 13 August 2029 (Note)
Mr. Cheung Ka Shing	1,520,000	–	(1,500,000)	20,000	HK\$17.304	14 August 2019 to 13 August 2029 (Note)
	<u>3,020,000</u>	<u>–</u>	<u>(3,000,000)</u>	<u>20,000</u>		
<i>Exercisable at</i>						
1 January 2021	3,020,000					
30 June 2021	<u>20,000</u>					

Note:

The share options above were vested upon grant. The closing prices of the ordinary share of the Company immediately before the dates of the exercises (1,500,000 share options on 1 April 2021 by Mr. Cheung and 1,500,000 share options on 2 June 2021 by Mr. Ho) were HK\$42.00 and HK\$40.85, respectively.

Save as disclosed: (i) there were no other options granted and outstanding under the Scheme at the beginning and the end of the Period; (ii) there were no other options exercised under the Scheme during the Period. During the Period, no option has lapsed or has been granted or cancelled under the Scheme.

(b) 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.

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.

13. Employees' share option scheme

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

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.

There was no option outstanding under the KLHL Scheme at the beginning and the end of the reporting period. During the Period, no option has lapsed or has been granted, vested, cancelled or exercised under the KLHL Scheme.

14. Capital expenditure contracted for but not provided

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of properties, plant and equipment	607,005	114,962
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	638,534	1,014,561
	<u>1,245,539</u>	<u>1,129,523</u>

15.

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of goods to subsidiaries of a shareholder with significant influence to the Group	283,651	120,830
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group	708,612	413,801
Sales of goods to a non-controlling shareholder of a subsidiary	21,482	21,644
Purchase of goods from an associate	69,510	68,111
Sale of properties to Certain Directors and close family members of the Director	—	987,270
	<u> </u>	<u> </u>

Included in trade and other receivables and prepayments as at 30 June 2021 was an amount due from a non-controlling shareholder of a subsidiary of approximately HK\$8,275,000 (31 December 2020: HK\$6,403,000).

Included in trade and other payables as at 30 June 2021 was an amount due to an associate of approximately HK\$2,781,000 (31 December 2020: HK\$6,875,000) and a joint venture of HK\$137,500,000 (31 December 2020: HK\$137,500,000).

16.

The Group provided guarantees amounting to approximately HK\$469,645,000 as at 30 June 2021 (31 December 2020: HK\$586,022,000) 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 2021 and 31 December 2020.

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 of directors of Kingboard Holdings Limited, I am delighted that the Company and its subsidiaries (the “Group”) achieved the best interim results on record for the six months ended 30 June 2021 (the ‘Period’). As the negative impacts brought about by the coronavirus pandemic gradually subside, the global economy has been gathering pace for recovery. Rooted in China while developing globally, the Group’s business benefitted from China’s effective disease control and the recovery momentum of the global economy. With concerted efforts from top to bottom at Kingboard, the Group was able to fully demonstrate the competitive edge of its diverse business, with every core division achieving outstanding performance breakthrough.

During the Period, consumption momentum of electronic products continued to grow. The Group tightly grasped the opportunities stemming from the release of market demands developed deeper and broader collaboration platform with clients. Leveraging the advantages of vertical integrated model of Laminates Division, as well as synergy between Laminates Division and the Printed Circuit Board (“PCB”) Division, both divisions have achieved harvests in the number of orders and product prices. Profiting from the rocketing demand for commodities as a result of the economic rebound, the Chemicals Division saw the prices of its major products rising considerably, especially for acetic acid and Bisphenol A, leading to the business’s record revenue growth. The Property Division delivered a stable performance in the areas of residential pre-sales and rental income. Driven by the growth momentum of its portfolio of diverse businesses, the Group’s revenue jumped by 34% year on year to HK\$26,701.5 million. Profit attributable to the owners of the Company soared 378% to HK\$5,061.7 million. The Board has resolved to declare an interim dividend of HK\$0.56 per share.



	Six months ended 30 June		Change
	2021 HK\$'million	2020 HK\$'million	
Revenue	26,701.5	19,925.6	+34%
EBITDA	8,352.6	3,479.2	+140%
Net profit attributable to owners of the Company	5,061.7	1,059.2	+378%
Basic earnings per share	HK\$4.573	HK\$0.964	+374%
Interim dividend per share	HK\$0.56	HK\$0.28	+100%
Net asset value per share	HK\$53.0	HK\$44.7	+19%
Net gearing	20%	25%	



As at 30 June 2021, the Group held in aggregate approximately HK\$5,374 million and HK\$2,271 million respectively of equity and debt instruments, representing approximately 5.5% and 2.3% respectively of the total assets of the Group as at 30 June 2021, which consisted 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.

There was no securities investment in an investee company with a value of 5 per cent. or more of the Group's total assets as at 30 June 2021. The following table sets out the main investments of debt instruments held by the Group as at the end of the Period:

Investment	Principal business(es) of underlying company	Number of securities held '000	Percentage of securities held (of the securities of the same class)	Investment cost HK\$'000	Fair value as at 30 June 2021 HK\$'000	Percentage to the Group's total assets as of 30 June 2021	Gain on disposal during the Period HK\$'000	Unrealised gain/(loss) during the Period HK\$'000	Investment strategy
Bonds with fixed coupon rate of 5.875% per annum and maturity date in February 2023 listed on SGX by Guangzhou R&F Properties Co., Ltd. (Guangzhou R&F)	development and sale of properties, property investment, hotel operations and other property development related services in the PRC	32,000	5.3%	244,280	228,582	0.2%	1,813	(15,698)	To enhance diversity of the investment portfolio of the Group while maintaining and generating stable income; long-term investment for interest income

Investment	Principal business(es) of underlying company	Number of securities held	Percentage of securities held (of the securities of the same class)	Investment cost	Percentage to the Group's total assets as of				Investment strategy
					Fair value as at	Gain on disposal	Unrealised gain/(loss)		
					30 June 2021	30 June 2021	during the Period	during the Period	
		'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Bonds with fixed coupon rate of 8.875% per annum and maturity date in September 2021 listed on SGX by Guangzhou R&F	development and sale of properties, property investment, hotel operations and other property development related services in the PRC	16,500	8.3%	128,691	134,365	0.1%	12	5,674	To enhance diversity of the investment portfolio of the Group while maintaining and generating stable income; long-term investment for interest income
Bonds with fixed coupon rate of 11.625% per annum and maturity date in September 2024 listed on SGX by Guangzhou R&F	development and sale of properties, property investment, hotel operations and other property development related services in the PRC	50,000	15.4%	386,022	383,136	0.4%	–	(2,886)	To enhance diversity of the investment portfolio of the Group while maintaining and generating stable income; long-term investment for interest income
Bonds with fixed coupon rate of 11.75% per annum and maturity date in August 2023 listed on SGX by Guangzhou R&F	development and sale of properties, property investment, hotel operations and other property development related services in the PRC	92,700	18.5%	723,060	744,525	0.8%	199	21,465	To enhance diversity of the investment portfolio of the Group while maintaining and generating stable income; long-term investment for interest income

Investment	Principal business(es) of underlying company	Number of securities held	Percentage of securities held (of the securities of the same class)	Investment cost	Percentage to the Group's total assets as of			Gain on disposal during the Period	Unrealised gain/(loss) during the Period	Investment strategy
					30 June 2021	30 June 2021	30 June 2021			
		'000		HK\$'000	HK\$'000			HK\$'000	HK\$'000	
Bonds with fixed coupon rate of 12.375% per annum and maturity date in November 2022 listed on SGX by Guangzhou R&F	development and sale of properties, property investment, hotel operations and other property development related services in the PRC	97,000	26.9%	756,600	778,374	0.8%	663	21,774		To enhance diversity of the investment portfolio of the Group while maintaining and generating stable income; long-term investment for interest income

Based on the announcements of Guangzhou R&F Properties Co., Ltd. (Stock code: 2777) ("GRFP") dated 13 November 2017, 4 January 2018, 19 September 2018, 24 February 2021, 26 January 2021 and 12 November 2020: (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 the SGX and carry an interest of 5.875% per annum and interests are payable semi-annually. The proceeds from the GRFP February 2023 Senior Notes were intended to be used to refinance debt and for general corporate purposes of GRFP; (ii) 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 are listed on the SGX and carry an interest of 8.875% per annum and interests are payable semi-annually. The net proceeds from the GRFP September 2021 Senior Notes were mainly for offshore refinancing; (iii) the senior notes due September 2024 ("GRFP September 2024 Senior Notes") were issued by GRFP in February 2021, and due in September 2024. The GRFP September 2024 Senior Notes are listed on the SGX and carry an interest of 11.625% per annum and interests are payable semi-annually. The net proceeds from the GRFP September 2024 Senior Notes were mainly for refinancing medium to long-term debt that will be due within one year; (iv) the senior notes due August 2023 ("GRFP August 2023 Senior Notes") were issued by GRFP in January 2021, and due in August 2023. The GRFP August 2023 Senior Notes are listed on the SGX and carry an interest of 11.75% per annum and interests are payable semi-annually. The net proceeds from the GRFP August 2023 Senior Notes were mainly for refinancing medium to long-term debt that will be due within one year; and (v) the senior notes due November 2022 ("GRFP November 2022 Senior Notes") were issued by GRFP in November 2020, and due in November 2022. The GRFP November 2022 Senior Notes are listed on the SGX and carry on interest of 12.375% per annum and interests are payable semi-annually. The net proceeds from the GRFP November 2022 Senior Notes were mainly for refinancing medium to long-term debt that will be due within one year. According to the 2021 interim report of GRFP, the net debt to total equity ratio of GRFP decreased to 123% at 30 June 2021 from 130% at 31 December 2020.

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

The Company's equity instruments in aggregate amounting to approximately HK\$5,374 million, representing approximately 5.5% of the total assets of the Group as at 30 June 2021, consisted primarily of listed shares of a cluster of wide-ranging primarily blue-chip listed issuers. The Company's investment strategy of these equity investment is to make mid- to long-term investments in the prospects of primarily reputable sizeable issuers on recognizable stock exchange for creating values for its Shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers.

The Group's financial position remained robust. As at 30 June 2021, Group net current assets and current ratio (current assets divided by current liabilities) were HK\$19,611.4 million (31 December 2020: HK\$22,426.2 million) and 1.66 (31 December 2020: 1.97) respectively.

The net working capital cycle increased to 65 days as at 30 June 2021 from 56 days as at 31 December 2020 on the following key metrics:

- Inventories, in terms of stock turnover days, were 36 days (31 December 2020: 35 days).
- Trade receivables, in terms of debtor turnover days, were 63 days (31 December 2020: 62 –3vlems 35

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

	30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
HKD	15,496,540	16,202,564
RMB	<u>2,107,587</u>	<u>1,028,282</u>

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

	30 June 2021 <i>HK\$'000</i> <i>(Unaudited)</i>	31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Within one year	14,265,173	8,612,099
More than one year but not more than two years	2,096,579	5,405,111
More than two years but not more than five years	<u>1,242,375</u>	<u>3,213,636</u>
	<u>17,604,127</u>	<u>17,230,846</u>

During the Period, the Group continued to adopt a prudent financial management policy. The Group did not enter into any material derivative financial instruments. 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.

As at 30 June 2021, the Group employed a global workforce of approximately 36,000 (31 December 2020: 36,000). 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.

Laminates Division: As the electronics industry prospers and the traditional peak consumption season approaches in the second half of the year, laminates and their upstream materials continue strong momentum. The industry is currently at a rather low inventory level, which will keep product prices at the upper end. Depending on the extent of shortage of upstream materials, laminates may see further room for price mark-ups. The newly completed laminates plant in Shaoguan, Guangdong Province has been fully commissioned and is operating smoothly, adding a monthly capacity of 1.2 million sheets of glass epoxy laminates (FR4). Helped by the new capacity, the division will be able to continue expanding the proportionate sales of high-value-added laminates. The division will continue to expand capacities for upstream materials from the second half to early next year and plan to add monthly capacities of 1,800 tonnes of copper foil, 4,000 tonnes of glass yarn and 5 million metres of glass fabric, in order to reinforce the competitive advantage of vertically integrated supply chain, as well as to make a foray into extended industries like new energy batteries and package substrate and gradually increase external sales, bringing new development momentum to the division.

PCB Division: The increasing uptake of new energy, development of digital economy and upgrade of artificial intelligence are leading a new wave of development for PCBs. Revolving around the marketplace of 5G base stations, servers and electric vehicles, the division's product portfolio enhancement efforts have paid off. Future themes for development will continue to be focused on high-value-added upgrades. Supported by this, the division aims to build a more compact ecology of collaboration with clients by further strengthening ties. Emphasis will be placed on strengthening the various PCB brands, including Elec & Eltek, Techwise Circuits and Express Electronics, so as to achieve constant value enhancement. The division will also fast-track its capacity build-up, through acquiring production equipment that caters to the consumer electronics, telecommunications and vehicle segments. Towards the second half of the year, the division will bring in 800,000 square feet of additional capacity for multi-layered PCBs.

Chemicals Division: The green economy has become a key component of the global economy, introducing new requirements and opportunities into the chemicals industry. On one hand, the bar has been raised on carbon emission and environmental friendliness, which in effect propels backward capacities out of the market. The division's capacity has been built on energy saving, low-carbon and environmentally-friendly principles, with industry-leading production and emission standards. The division able to gain greater market share in a competitive environment. On the other hand, the division will benefit from wider application of engineering-grade plastic materials used to lower the weight of new energy vehicles, as well as photovoltaic film and electric cables applied to solar power generators and wing paddles in wind turbines. These end-user products generate demand for the division's major chemical products such as phenol acetone, acetic acid, Bisphenol A and epichlorohydrin. Thus, the division is proactively planning for a number of large-scale chemicals projects along the current core product lines. One of them is a new chemicals industrial park under construction in Daya Bay, Huizhou, which will deliver an annual output of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A.

Property Division: The residential project in eastern China will be launched for pre-sale according to schedule, in a bid to expedite capital recovery. In the meantime, driven by the following three factors, the department's rental income will grow steadily: First, the lease-free period of commercial properties located in the Kunshan High-speed Railway Station Project in Jiangsu Province has successively expired. Second, the occupancy rate of Huaqiao Kingboard Plaza Phase II increased significantly. Third, the rental income of overseas properties has temporarily declined due to the impact of the epidemic, and the current influencing factors have gradually subsided.

On behalf of the Board, I would like to thank our shareholders, clients, banks, the management and employees for their unreserved support to the Group during the Period.

The register of members of the Company will be closed from Thursday, 9 December 2021 to Friday, 10 December 2021 (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 Wednesday, 8 December 2021.

As at 30 June 2021, 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:

Mr. Cheung Ka Shing	Beneficial owner	20,000	0.002
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Mr. Cheung Kwok Wing (Note 1)	Beneficial owner/	2,008,500	0.064
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Notes:

() Non-voting deferred shares of \$1.00 each, of which 1,904,400 shares are held by the Group, 423,200 shares are held by Mr. Cheung Kwok Wing, 846,400 shares are held by Mr. Chang Wing Yiu, 846,400 shares are held by Mr. Cheung Kwong Kwan and 529,000 shares are held by Mr. Ho Yin Sang.

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.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2021.

So far as is known to the Directors, as at 30 June 2021, 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") <i>(Note)</i>	Beneficial owner	429,935,700 (L)	38.78 (L)
FMR LLC	Investment manager	110,514,012 (L)	9.97 (L)
Fidelity Puritan Trust	Investment manager	88,451,221 (L)	7.98 (L)

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

Note:

As at 30 June 2021: (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 2021 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.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during period ended 30 June 2021.

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 2021.

The Company has adopted and complied with the 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 2021, save for the deviation from paragraph A.4.1 of the CG Code since the independent non-executive Directors are not appointed for a specific term. 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 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 principles of the CG 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 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 2021.

By Order of the Board


Chairman

Hong Kong, 30 August 2021

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. Chan Wing Kee
Mr. Stanley Chung Wai Cheong