RESULTS

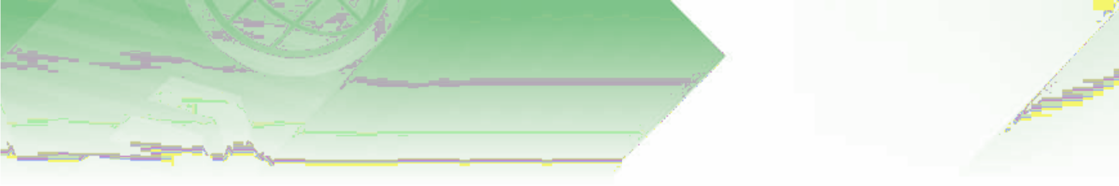
The board of directors (the "Board") of Kingboard Chemical Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in 2013 as follows:

Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
	Notes	[redacted]	2013 *HK$'000* *(Unaudited)*
Revenue	*3*	[redacted]	17,080,942
Cost of sales and services rendered		[redacted]	(14,663,968)
Gross profit		[redacted]	2,416,974
Other income	*5*	[redacted]	184,449
Distribution costs		[redacted]	(463,898)
Administrative expenses		[redacted]	(731,354)
Gain on fair value changes of investment properties		[redacted]	–
Gain on disposal of available-for-sale investments		[redacted]	23,892
Share-based payments		[redacted]	(27,743)
Finance costs	*6*	[redacted]	(219,722)
Share of results of associates		[redacted]	80,506
Profit before taxation		[redacted]	1,263,104
Income tax expense	*7*	[redacted]	(179,291)
Profit for the period		[redacted]	1,083,813
Profit for the period attributable to:			
Owners of the Company		[redacted]	933,309
Non-controlling interests		[redacted]	150,504
		[redacted]	1,083,813
		[redacted]	*HK$* *(Unaudited)*
Earnings per share	*9*		
Basic and diluted		[redacted]	0.910

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	[redacted]	2013
		HK$'000
		(Unaudited)
Profit for the period		1,083,813
Other comprehensive (expense) income for the period:		



	[redacted]	31 December 2013 *HK$'000* *(Audited)*
Non-current liabilities		
Deferred tax liabilities		521,196
Bank borrowings		16,507,210
		17,028,406
		40,859,959
Capital and reserves		
Share capital		102,560
Share premium and reserves		34,055,683
Equity attributable to owners of the Company		34,158,243
Non-controlling interests		6,701,716
Total equity		40,859,959

Condensed Consolidated Statement of Changes in Equity

Balance at 1 January 2014	[redacted]
Profit for the period	
Fair value changes of available-for-sale investments	
Investment revaluation reserve released on disposal	
Exchange differences arising from translation of foreign operations	
Exchange differences arising from translation to presentation currency	
Total comprehensive income for the period	
Recognition of equity-settled share-based payments	
Final dividend for the year ended 31 December 2013	
Acquisition of additional interests in subsidiaries	
Dividend paid to non-controlling shareholders of subsidiaries	
Transfers	

	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$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2013	85,467	4,474,835	1,911	241,946	920,326	10,594	337,080	23,338	(13,431)	3,034,612	21,528,957	30,645,635	5,503,511	36,149,146
Profit for the period	–	–	–	–	–	–	–	–	–	–	933,309	933,309	150,504	1,083,813
Fair value changes of available-for-sale investments	–	–	–	–	–	–	–	–	(40,753)	–	–	(40,753)	(21,776)	(62,529)
Investment revaluation reserve released on disposal	–	–	–	–	–	–	–	–	(23,892)	–	–	(23,892)	–	(23,892)
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	–	4,407	–	4,407	–	4,407
Exchange differences arising from translation to presentation currency	–	–	–	–	–	–	–	–	–	344,397	–	344,397	54,479	398,876

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	[redacted]	2013 *HK$'000* *(Unaudited)*
Net cash from (used in) operating activities		(1,758,282)
Net cash used in investing activities		(2,008,226)
Net cash (used in) from financing activities		4,277,881

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA that are mandatorily effective for the current interim period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

3. Segment information

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. Specifically, the Group's operating segments under HKFRS 8 are as follows:

Laminates	–	manufacture and sale of laminates
Printed circuit boards ("PCBs")	–	manufacture and sale of PCBs
Chemicals	–	manufacture and sale of chemicals
Properties	–	property developments and investments

Segment revenues and results by reportable segments are presented below:

	[redacted]
Six months ended 30 June 2014	
Segment revenue	
External sales	
Inter-segment sales	
Total	
Result	
Segment result	
Gain on disposal of available-for-sale investments	
Share-based payments	
Unallocated corporate income	
Unallocated corporate expenses	
Finance costs	
Share of results of associates	
Profit before taxation	
Income tax expense	
Profit for the period	

Inter-segment sales are charged by reference to market prices.

	Laminates	PCBs	Chemicals	Properties	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Six months ended 30 June 2013							
Segment revenue							
External sales	5,346,872	3,430,835	7,748,536	252,998	301,701	–	17,080,942
Inter-segment sales	1,085,292	–	322,801	–	2,365	(1,410,458)	–
Total	6,432,164	3,430,835	8,071,337	252,998	304,066	(1,410,458)	17,080,942
Result							
Segment result	719,418	145,021	396,953	169,176	11,040		1,441,608
Gain on disposal of available-for-sale investments							23,892
Share-based payments							(27,743)
Unallocated corporate income							76,033
Unallocated corporate expenses							(111,470)
Finance costs							(219,722)
Share of results of associates							80,506
Profit before taxation							1,263,104
Income tax expense							(179,291)
Profit for the period							1,083,813

Inter-segment sales are charged by reference to market prices.

4. Depreciation

During the reporting period, depreciation of approximately HK$1,153,700,000 (1 January 2013 to 30 June 2013: HK$1,113,700,000) was charged in respect of the Group's properties, plant and equipment.

5. Other income

	Six months ended 30 June	
	[redacted]	2013 *HK$'000* *(Unaudited)*
Other income comprises:		
Dividends from available-for-sale investments		60,766
Interest income from available-for-sale investments		82,092
Interest income from bank balances		32,274

6. Finance costs

	Six months ended 30 June	
	[redacted]	2013 *HK$'000* *(Unaudited)*
Interest on bank borrowings wholly repayable within five years		217,650
Interest on bank borrowings not wholly repayable within five years		7,495
		225,145
Less: Amount capitalised in the cost of qualifying assets		(5,423)
		219,722

Borrowing costs capitalised during the reporting period arose on the general borrowing pool and were calculated by applying a capitalisation rate of 1.1% for the period (1 January 2013 to 30 June 2013: 1.1%) per annum to expenditures on qualifying assets.

7. Income tax expense

	Six months ended 30 June	
	[redacted]	2013
	[redacted]	*HK$'000*
	[redacted]	*(Unaudited)*
The amount comprises:		
Hong Kong Profits Tax	[redacted]	1,489
Taxation arising in other jurisdictions	[redacted]	176,751
	[redacted]	178,240
Deferred taxation		
Charge for the period	[redacted]	1,051
	[redacted]	179,291

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the period. The income tax provision in respect of operations in other jurisdictions is calculated at the applicable tax rates on the estimated assessable profits for the period based on the relevant jurisdictions.

8. Interim dividend

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2014 of HK20 cents per share (1 January 2013 to 30 June 2013: interim and special dividend of HK10 cents and HK20 cents per share respectively) to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 11 September 2014. The dividend warrants will be dispatched on or around Friday, 19 September 2014.

9. Earnings per share

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

	Six months ended 30 June	
	[redacted]	2013
	[redacted]	*HK$'000*
	[redacted]	*(Unaudited)*
Earnings for the purpose of calculating basic and diluted earnings per share	[redacted]	933,309

	Number of shares	
	[redacted]	30 June 2013 *(Unaudited)*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share		1,025,600,236

The calculation of diluted earnings per share for the six months ended 30 June 2014 and 2013 did not take into account the effects of share options of the Company and Kingboard Laminates Holdings Limited ("KLHL"), a listed subsidiary of the Group in Hong Kong, as the exercise prices of the outstanding share options were higher than the average market prices of the Company's and KLHL's shares during the six months ended 30 June 2014 and 2013.

10. Additions to properties, plant and equipment

During the reporting period, the Group spent approximately HK$917 million (1 January 2013 to 30 June 2013: HK$578 million) on acquisition of properties, plant and equipment.

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

	[redacted]	31 December 2013 *HK$'000* *(Audited)*
Trade receivables		5,763,394
Advance to suppliers		790,279
Deposits paid for acquisition of land use rights of development of properties held for sale *(Note i)*		237,586
Entrusted loans *(Note ii)*		1,486,277
Prepayment and deposits		644,736
Value added tax ("VAT") recoverables		797,875
Land appreciation tax on pre-sale properties		53,859
Amount due from a non-controlling shareholder of a subsidiary *(Note iii)*		237,125
Interest income receivables		45,498
Other receivables		147,843
		10,204,472
Less: Non-current portion of entrusted loans		(1,405,331)
		8,799,141

Notes:

12. Trade and other payables and bills payables

	[redacted]	31 December 2013 *HK$'000* *(Audited)*
Trade payables		2,726,572
Accrued expenses		595,178
Payables for acquisition of properties, plant and equipment		568,500
Receipt in advance		314,596
Other tax payables		161,408
VAT payables		127,133
Other payables		129,721
		4,623,108

The following is an aged analysis of the trade payables at the end of the reporting period:

	[redacted]	31 December 2013 *HK$'000* *(Audited)*
0 – 90 days		2,083,147
91 – 180 days		466,563
Over 180 days		176,862
		2,726,572

All bills payables of the Group are aged within 90 days (31 December 2013: 90 days) at the end of the reporting period.

13. Share options

(a) Employees' share option scheme of the Company

The existing share option scheme of the Company (the "Scheme") was approved by shareholders of the Company at the extraordinary general meeting held on 23 March 2009.

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 msby the Board as

In compliance with the terms of the Scheme adopted and under Rule 17.03(13) of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), the subscription price of the share options granted by the Company pursuant to the Scheme which remained outstanding (the "Outstanding Options") as at the date of completion of the bonus issue of the Company approved by the shareholders of the Company at the annual general meeting held on 6 May 2013 (the "Bonus Issue"), being 29 May 2013, and the number of shares to be allotted and issued upon exercise in full of the subscription rights attaching to the Outstanding Options were adjusted (the "Adjustments") in the manner set out below as a result of the implementation of the Bonus Issue, with effect from 29 May 2013.

	Immediately before completion of the Bonus Issue		**Immediately after completion of the Bonus Issue**	
Date of grant	**Subscription price per share**	**Number of Outstanding Options**	**Adjusted subscription price per share**	**Adjusted number of Outstanding Options**
	HK$		*HK$*	
21 March 2011	40.70	28,000,000	33.92	33,600,000

The Company's auditor, Deloitte Touche Tohmatsu, has issued a report of factual findings to the Directors that: (1) the computation of the Adjustments was mathematically accurate; and (2) the Adjustments were made according to the applicable formula set out in Rule 17.03(13) of the Listing Rules.

As at 30 June 2014, the number of shares of the Company in respect of which options had been granted and remained outstanding was 33,600,000 (31 December 2013: 33,600,000), representing 3.28% (31 December 2013: 3.28%) of the shares of the Company in issue on that date.

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

	Number of share options outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of share options outstanding as at 30 June 2014	Share options grant date	Exercise period	Exercise price *HK$*
Executive Directors									
Cheung Kwok Wing	3,360,000	–	–	–	–	3,360,000	21 Mar 2011	21 Mar 2011 to 22 Mar 2019	33.92

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

The existing share option scheme of EEIC (the "EEIC Scheme") was approved by the shareholders of EEIC at the extraordinary general meeting held on 21 April 2008 and was adopted and took effect from 9 May 2008 upon approval by the shareholders of the Company.

The EEIC Scheme which shall be administered by the committee of directors of EEIC as authorised by EEIC's directors, is open to full-time employees and directors of any company within the EEIC Group, the parent group and of an associated company of EEIC, subject to certain conditions being satisfied.

The EEIC Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in EEIC at a price, which shall be determined by the committee of directors of EEIC and which shall either be an "Exercise Price", which equals to the average of the last dealt prices for an EEIC he "EEi" PrTjoand o5he nsecutive markeastayresmmedocialy a ecedoeinf t

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

The existing share option scheme of KLHL (the "KLHL Scheme") was approved by the shareholders of KLHL and the shareholders of the Company on 18 May 2007 and 25 June 2007 respectively. The KLHL Scheme has taken effect after obtaining the approval from the Listing Committee of the Stock Exchange on 6 July 2007.

The KLHL Scheme is valid for a period of 10 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, 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 KLHL Scheme and any other share option scheme of KLHL must not exceed 30% of the issued share capital of KLHL from time to time.

The total number of shares of KLHL issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the share capital of KLHL then in issue unless approved by the shareholders of KLHL and the Company in general meetings.

As at 30 June 2014, the total number of shares of KLHL in respect of which options had been granted and remained outstanding was 100,000,000 (31 December 2013: 100,000,000), representing approximately 3.33% (31 December 2013: 3.33%) of the issued share capital of KLHL on that date.

Details of the share options granted by KLHL pursuant to the KLHL Scheme and the share options outstanding as at 30 June 2014 were as follows:

	Number of share options outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of share options outstanding as at 30 June 2014	Share options grant date	Exercise period	Exercise price *HK$*
Directors and employees of KLHL	100,000,000	–	–	–	–	100,000,000	21 Mar 2011	21 Mar 2011 to 17 May 2017	6.54
Total	100,000,000	–	–	–	–	100,000,000			

The Group recognised the total expense of approximately HK$2,129,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: HK$8,019,000) in relation to the share options granted by KLHL.

14. Capital and other commitments

	[redacted]	31 December 2013 *HK$'000* *(Audited)*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of properties, plant and equipment		265,662
– capital injection in an unlisted investment		6,308
		271,970
Other expenditures contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition and other expenditures relating to properties held for development		1,661,550

15. Related party transactions

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

	Six months ended 30 June	
	[redacted]	2013 *HK$'000* *(Unaudited)*
Sales of goods to a non-controlling shareholder of a subsidiary		36,877
Purchase of goods from an associate		135,397
Sales of goods to subsidiaries of a shareholder with significant influence to the Group		485,702
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group		378,482

Included in trade and other receivables and prepayments as at 30 June 2014 was an amount due from

16. Contingent liabilities

(a) The Group provided guarantees amounting to approximately HK$1,742,390,000 as at 30 June 2014 (31 December 2013: HK$628,386,000) in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 30 June 2014.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the relevant mortgaged properties.

(b) During the year ended 31 December 2011, the Company and certain subsidiaries of the Company (the "Defendants") were named as a defendant in the Supreme Court of Bermuda in respect of an allegation that the affairs of Kingboard Copper Foil Holdings Limited ("KBCF") (KBCF is a subsidiary of the Group, which is listed on the Singapore Exchange Securities Trading Limited) had been and or were being conducted in a manner which was oppressive or unfairly prejudicial to the non-controlling shareholders of KBCF. The petitioner was seeking an order to the Defendants to repurchase all of the KBCF's shares held by the petitioner at the price to be fixed by a valuer or Supreme Court of Bermuda. As at 30 June 2014, the case has not yet reached the stage of drafting witness statements and is still at an early stage in the litigation. As a result, management and the lawyer of the Group are difficult to provide the estimates on the outcome of the case. Accordingly, no provision for liability has been made in connection with this claim.

BUSINESS REVIEW

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Against the backdrop of a challenging operating environment over the past few years, our

PERFORMANCE

The laminates division delivered a set of satisfactory results. Shipment volume for 1H 2014 was up 7% against the previous year to an average monthly shipment of 9.4 million square metres. The new Lianzhou glass fabric plant at Guangdong province commenced production within the current period. Total laminates division revenue (including inter-segment sales) increased by 2% to HK$6,543.3 million, with EBITDA increasing 3% to HK$1,111.6 million.

Despite soft demand for conventional electronic products such as computers, consumer demand for portable and telecommunication-related electronic products such as smartphones showed robust growth. As the Group succeeded in obtaining qualifications from many world-renowned automotive manufacturers, automotive-related orders increased substantially. Turnover of the PCB division reached HK$3,578.5 million. However, rising operating costs and the less than satisfactory performance of Elec & Eltek Group dragged down PCB division EBITDA to HK$341.7 million. High density interconnect ("HDI") PCB sales accounted for 24% of PCB division sales.

For the chemical division, Yangzhou chemical refinery plant has been leased out since the second half of 2013 in return for rental and processing charges, while Huizhou phenol/acetone plant suspended production in the second quarter for capacity enhancement. As a result, chemical division revenue (including inter-segment sales) was down 17% to HK$6,730.4 million. EBITDA was HK$701.0 million – down 17% against last year. Share of associates' results (the bulk of which was contributed by our natural gas based methanol plant joint venture with China BlueChemical Limited) was HK$108.4 million.

The property division started to bring in attractive returns. The occupancy rate of our key investment properties was over 90%. As a result of additional rental contribution from Guangzhou Kingboard Plaza in 1H 2014, rental income increased by 14% to HK$288.7 million. Together with income recognition of HK$1,512.4 million from Qiandeng Kingboard Yu Garden Phase 1, division revenue jumped to HK$1,801.1 million. Contract sales reached approximately RMB1,692.1 million, with contract sales area of around 200,000 square metres in the first half of this year – up 137% against RMB715.2 million last year. As at 30 June 2014, the Group held a land bank of approximately 6 million square metres of gross floor area located at prime sites in major cities such as Guangzhou, Shanghai and Kunshan in China, laying a solid foundation for future property project developments.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 September 2014 to Thursday, 11 September 2014 (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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 8 September 2014.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2014, the interests of the Directors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position

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

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company *(%)*
Mr. Cheung Kwok Wing	Beneficial owner	2,243,470	0.219
Mr. Chan Wing Kwan	Interest of spouse	72,000	0.007
Mr. Cheung Kwong Kwan	Beneficial owner	3,000,000	0.293
Mr. Chang Wing Yiu *(Note 1)*	Beneficial owner/ Interest of spouse	4,938,328	0.482
Mr. Ho Yin Sang *(Note 2)*	Beneficial owner/ Interest of spouse	3,120,674	0.304
Mr. Mok Cham Hung, Chadwick *(Note 3)*	Beneficial owner/ Interest of spouse	3,648,000	0.356
Ms. Cheung Wai Lin, Stephanie *(Note 4)*	Beneficial owner/ Interest of spouse	822,000	0.080

Notes:

(1) Out of the 4,938,328 Shares, 4,076,488 Shares were held by Mr. Chang Wing Yiu and 861,840 Shares were held by his spouse.

(2) Out of the 3,120,674 Shares, 1,679,674 Shares were held by Mr. Ho Yin Sang and 1,441,000 Shares were held by his spouse.

(3) Out of the 3,648,000 Shares, 3,396,000 Shares were held by Mr. Mok Cham Hung, Chadwick and 252,000 Shares were held by his spouse.

(4) Out of the 822,000 Shares, 682,000 Shares were held by Ms. Cheung Wai Lin, Stephanie and 140,000 Shares were held by her spouse.

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

Name of Director	Capacity	Interest in underlying Shares pursuant to Share Options
Mr. Cheung Kwok Wing	Beneficial owner	3,360,000
Ms. Cheung Wai Lin, Stephanie	Beneficial owner	3,120,000
Mr. Mok Cham Hung, Chadwick	Beneficial owner	3,120,000
Mr. Chang Wing Yiu	Beneficial owner	3,120,000
Mr. Ho Yin Sang *(Note)*	Beneficial owner/ Interest of spouse	6,048,000
Mr. Cheung Kwong Kwan	Beneficial owner	3,120,000

Note: Out of the 6,048,000 Share Options, 3,120,000 Share Options were held by Mr. Ho Yin Sang and 2,928,000 Share Options were held by his spouse.

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

Name of Director	Capacity	Number of issued KLHL Shares held	Approximate percentage of the issued share capital of KLHL *(%)*
Mr. Cheung Kwok Wing0.02300			

(d) Share options of KLHL ("KLHL Share Options")

Name of Director	Capacity	Interest in underlying KLHL Shares pursuant to KLHL Share Options
Mr. Ho Yin Sang	Interest of spouse	9,000,000
Mr. Mok Cham Hung, Chadwick	Interest of spouse	10,000,000

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

Name of Director	Capacity	Number of non-voting deferred shares held *(Note)*
Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chan Wing Kwan	Beneficial owner	1,481,200
Mr. Cheung Kwong Kwan	Beneficial owner	846,400
Mr. Ho Yin Sang	Beneficial owner	529,000
Mr. Chang Wing Yiu	Beneficial owner	423,200

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.

(f) Ordinary shares ("EEIC Shares") in the share capital of EEIC, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of issued EEIC Shares held	Approximate percentage of the issued share capital of EEIC *(%)*
Mr. Cheung Kwok Wing	Beneficial owner	1,507,200	0.806
Mr. Chan Wing Kwan *(Note)*	Beneficial owner/ Interest of spouse	1,269,500	0.679
Mr. Ho Yin Sang	Beneficial owner	486,600	0.260
Mr. Mok Cham Hung, Chadwick	Beneficial owner	1,120,200	0.600
Mr. Chang Wing Yiu	Beneficial owner	486,600	0.260

Note: Out of the 1,269,500 EEIC Shares, 1,229,500 EEIC Shares were held by Mr. Chan Wing Kwan and 40,000 EEIC Shares were held by his spouse.

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

Name of Director	Capacity	Number of issued KBCF Shares held	Approximate percentage of the issued share capital of KBCF *(%)*
Mr. Cheung Kwok Wing	Beneficial owner	465,000	0.064
Mr. Ho Yin Sang	Interest of spouse	2,000	0.0002
Mr. Lai Chung Wing, Robert	Beneficial owner	72,000	0.0100

Other than as disclosed above, as at 30 June 2014, the Company has not been notified of any other notifiable interests or short positions of the Directors of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at 30 June 2014, 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 1)*	Beneficial owner	371,924,700 (L)	36.26 (L)
FMR LLC	Investment manager	102,560,000 (L)	9.99 (L)
JPMorgan Chase & Co. *(Note 2)*	Investment manager	61,630,372 (L)	6.01 (L)
		59,881,101 (P)	5.84 (P)

(L) The letter "L" denotes a long position.
(P) The letter "P" denotes interests in a lending pool.

Notes:

(1) As at 30 June 2014: (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) Messrs. Cheung Kwok Wing and Chan Wing Kwan, being Directors, were also directors of Hallgain.

(2) JPMorgan Chase & Co wholly controlled JPMorgan Chase Bank, N.A. and JPMorgan Asset Management Holdings Inc.. JPMorgan Chase Bank, N.A. was interested in 59,881,101 Shares as beneficial owner.

JPMorgan Chase & Co., which wholly controlled JPMorgan Broker-Dealer Holdings Inc., a company which wholly controlled JPMorgan Securities LLC, a company which in turn wholly controlled JPMorgan Clearing Corp, was interested in 9,941 Shares as beneficial owner.

JPMorgan Chase Bank, N.A., which wholly controlled JPMorgan International Inc., a company which wholly controlled Bank One International Holdings Corporation, a company which in turn wholly controlled JPMorgan International Finance Limited. JPMorgan International Finance Limited wholly controlled: (a) JPMorgan Overseas Capital Corporation, a company which wholly controlled JPMorgan Whitefriars Inc., was interested in a long position of 780,101 Shares as beneficial owner; and (b) JPMorgan Capital Holdings Limited.

JPMorgan Capital Holdings Limited wholly controlled JPMorgan Chase (UK) Holdings Limited, which in turn wholly controlled JPMorgan Chase International Holdings. JPMorgan Securities plc, which was interested in 47,629 Shares as beneficial owner, was 98.95% controlled by JPMorgan Chase International Holdings.

JPMorgan Asset Management Holdings Inc., which wholly controlled JPMorgan Asset Management (Asia) Inc., which in turn wholly controlled JF Asset Management Limited, was interested in 9e4any w.0253i"?C‡ns Limited.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code and Corporate Governance Report (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 2014, save for the deviation that the independent non-executive Directors are not appointed for specific terms pursuant to paragraph A.4.1 of the CG Code. Notwithstanding the aforesaid deviation, all the Directors (including the independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in compliance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Following a specific enquiry, each Director has confirmed that he or she has complied with the required standards as set out in the Model Code and the code of conduct regarding Director's securities transactions adopted by the Company throughout the six months ended 30 June 2014.

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

Hong Kong, 22 August 2014