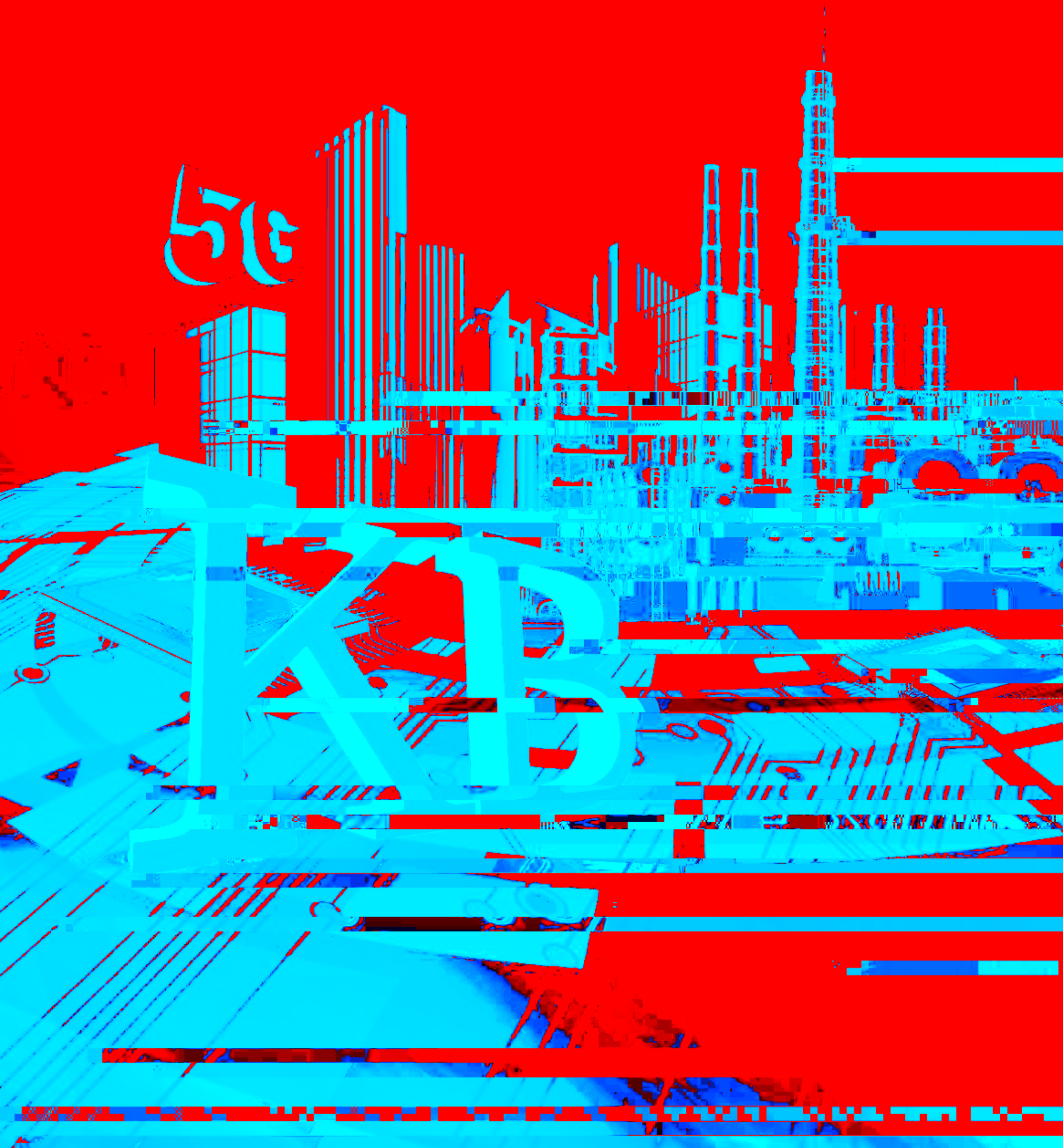
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IN ERIM RE L

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

C C P L

	Notes	Six months ended 30 June 2022 HK$'000 (Unaudited)	 2021 HK$'000 (Unaudited)
Revenue	3	**27,828,186**	26,701,492
Cost of sales and services rendered		**(19,643,720)**	(18,011,631)
Gross profit		**8,184,466**	8,689,861
Other income, gains and losses	5	**129,289**	116,277
Distribution costs		**(831,228)**	(639,023)
Administrative expenses		**(1,257,541)**	(1,228,597)
(Loss) gain on fair value changes of equity instruments at fair value through profit or loss		**(93,723)**	370,352
Gain on disposal of debt instruments at fair value through other comprehensive income		**92,359**	49,133
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income			

	Notes	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Current liabilities			
Trade and other payables	12	6,351,667	7,046,191
Bills payables	12	362,466	728,144
Contract liabilities		2,121,545	5,301,996
Dividend payable		3,686,380	866,769
Taxation payable		1,899,735	2,161,015
Bank borrowings – amount due within one year		7,834,452	10,737,949
Lease liabilities		3,175	3,969
		22,259,420	26,846,033
Net current assets		23,907,877	23,418,963
Total assets less current liabilities		78,695,192	76,969,735
Non-current liabilities			
Deferred tax liabilities		602,396	612,023
Bank borrowings – amount due after one year		11,651,786	7,667,985
Lease liabilities		4,774	6,434
		12,258,956	8,286,442
		66,436,236	68,683,293
Capital and reserves			
Share capital		110,879	110,879
Reserves		61,339,872	62,906,293
Equity attributable to owners of the Company		61,450,751	63,017,172
Non-controlling interests		4,985,485	5,666,121
Total equity		66,436,236	68,683,293

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Net cash from operating activities	**3,497,605**	3,510,430
Net cash (used in) from investing activities	**(2,282,477)**	69,652
Net cash from (used in) financing activities	**99,382**	(5,294,296)
Net increase (decrease) in cash and cash equivalents	**1,314,510**	(1,714,214)
Cash and cash equivalents at the beginning of the period	**5,512,357**	6,568,857

Notes:

1. B[illegible]

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. P[illegible]

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 additional 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 2022 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

3. [illegible]

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 Makers ("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) laminates, (ii) PCBs, (iii) chemicals, (iv) properties, (v) investments (mainly investment income from debt instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss) and (vi) others (mainly including service income, manufacture and sale of magnetic products and hotel business).

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, share-based payments, 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.

Segment revenues and results by reportable segments are presented below:

	Laminates *HK$'000* *(Unaudited)*	PCBs *HK$'000* *(Unaudited)*	Chemicals *HK$'000* *(Unaudited)*	Properties *HK$'000* *(Unaudited)*	Investments *HK$'000* *(Unaudited)*	Others *HK$'000* *(Unaudited)*	Eliminations *HK$'000* *(Unaudited)*	Consolidated *HK$'000* *(Unaudited)*
[illegible] 30 J[illegible] 2022								
Segment revenue								
External sales	8,574,489	6,985,757	7,487,008	4,352,201	168,000	260,731	–	27,828,186
Inter-segment sales	2,172,586	–	449,407	–	–	2,998	(2,624,991)	–
Total	10,747,075	6,985,757	7,936,415	4,352,201	168,000	263,729	(2,624,991)	27,828,186
Result								
Segment result	1,863,785	502,745	1,698,323	2,129,767	(1,416,804)	(2,477)		4,775,339
Unallocated corporate income								95,025
Unallocated corporate expenses								(222,182)
Share-based payments								(125,300)
Finance costs								(155,221)
Share of results of joint ventures								40,659
Share of result of an associate								112,427
Profit before taxation								4,520,747

3. [illegible]

	Laminates	PCBs	Chemicals	Properties	Investments	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
[illegible]								
30 J [illegible] 2021								
Segment revenue								
External sales	12,233,357	6,462,444	7,003,928	575,343	180,726	245,694	–	26,701,492
Inter-segment sales	2,207,193	–	547,644	–	–	4,151	(2,758,988)	–
Total	14,440,550	6,462,444	7,551,572	575,343	180,726	249,845	(2,758,988)	26,701,492
Result								
Segment result	4,099,898	623,257	1,924,912	426,327	590,417	(78,737)		7,586,074
Unallocated corporate income								22,656
Unallocated corporate expenses								(250,727)
Finance costs								(108,078)
Share of result of joint ventures								41,926
Share of results of an associate								51,380
Profit before taxation								7,343,231

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

7. [illegible]

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
The amount comprises:		
PRC Enterprise Income Tax ("EIT")	**885,763**	1,283,610
PRC Land Appreciation Tax ("LAT")	**515,333**	–
Hong Kong Profits Tax	**12,603**	15,875
Taxation arising in other jurisdictions	**26,925**	28,868
Withholding tax in the PRC	**187,539**	79,852
	1,628,163	1,408,205
Deferred taxation	**(9,049)**	(6,218)
	1,619,114	1,401,987

Under the Law of the PRC on EIT (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, withholding tax of 5%–10% is imposed on dividends declared in respect of profits earned by subsidiaries in Mainland China from 1 January 2008 onwards. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years since it was officially endorsed. Certain subsidiaries of the Company in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2024 (2021: 2023).

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 property 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 of the Company (the "Directors") considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the 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.

11. [illegible]

	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Trade receivables	**9,209,759**	10,836,887
Less: Allowance for credit losses	**(1,161,618)**	(1,257,523)
Trade receivables, net	**8,048,141**	9,579,364
Advance to suppliers	**414,957**	563,151
Entrusted loans *(Note)*	**324,196**	359,006
Prepayment and deposits	**512,767**	575,712
Value added tax recoverables	**471,267**	480,584
Other receivables	**194,008**	247,559
	9,965,336	11,805,376
Less: Non-current portion of entrusted loans *(Note)*	**(302,151)**	(331,126)
	9,663,185	11,474,250

Note: The entrusted loans of HK$324,196,000 (31 December 2021: HK$359,006,000) are due from certain purchasers of properties developed by the Group in the PRC through four (31 December 2021: 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 2021: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (31 December 2021: 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 2022, entrusted loans amounting to HK$302,151,000 (31 December 2021: HK$331,126,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

12. [illegible]

	30 June 2022 HK$'000 (Unaudited)	31 December 2021 HK$'000 (Audited)
Trade payables	3,141,637	3,431,959
Accrued expenses	1,099,181	1,352,853
Payable for acquisition of property, plant and equipment	415,854	481,035
Other tax payables	862,015	903,491
VAT payables	235,263	344,076
Land appreciation tax payables	313,211	60,218
Other payables	284,506	472,559
	6,351,667	7,046,191

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

13. [illegible]

(a) Employees' share option scheme of the Company

The existing share option scheme of the Company (the "Scheme") was approved by shareholders of the Company at the annual general meeting held on 27 May 2019. The purpose of the Scheme is to provide incentive or reward to the Eligible Participants (as defined below) for their contribution to, and continuing efforts to promote the interests of the Group.

Under the Scheme which is valid for a period of 10 years, the Board may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds any equity interests ("Invested Entity"), including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any shareholder of any member of the Group

13. [illegible]

(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 2022	Granted during the period *(Note i)*	Exercised during the period	Balance at 30 June 2022	Exercise price per share	Exercise period
Directors							
Mr. Cheung Kwok Wing	23 June 2022	–	2,000,000	–	2,000,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Chang Wing Yiu	23 June 2022	–	2,000,000	–	2,000,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Cheung Kwong Kwan	23 June 2022	–	2,000,000	–	2,000,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Ho Yin Sang	23 June 2022	–	2,000,000	–	2,000,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Cheung Ka Shing	23 June 2022	–	2,000,000	–	2,000,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
	14 August 2019	20,000	–	–	20,000	HK$17.304	14 August 2019 to 13 August 2029 *(Note ii)*
Ms. Ho Kin Fan	23 June 2022	–	1,720,000	–	1,720,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Chen Maosheng	23 June 2022	–	330,000	–	330,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Cheung Ming Man	23 June 2022	–	150,000	–	150,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Dr. Chong Kin Ki	23 June 2022	–	150,000	–	150,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Chan Wing Kee	23 June 2022	–	150,000	–	150,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Mr. Stanley Chung Wai Cheong	23 June 2022	–	150,000	–	150,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Sub-total		20,000	12,650,000	–	12,670,000		
Employees	23 June 2022	–	3,720,000 *(Note iii)*	–	3,720,000	HK$30.89	23 June 2022 to 22 June 2032 *(Note i)*
Total		20,000	16,370,000	–	16,390,000		
Exercisable at							
1 January 2022		20,000					
30 June 2022		16,390,000					

13. [illegible]

(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. [illegible]

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

The fair value of the options granted under the 2017 KLHL Scheme during the Period was estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	During the Period
Share price at grant date	HK$9.55
Exercise price	HK$9.728
Expected life	10 years

15. R [illegible]

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Sales of goods to subsidiaries of a shareholder with significant influence to the Group	**253,357**	283,651
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group	[illegible]	[illegible]

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On behalf of the board of directors of Kingboard Holdings Limited, I am delighted to report to our shareholders the results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2022 (the "Period"). During the Period, the pandemic lingering in China and global high inflation continued to bring broad and deep impact to the business sector. On the back of a balanced business portfolio and developing in different market areas, the Printed Circuit Boards (PCBs) Division, thus registering increased segment revenue. The Chemicals Division recorded a slight revenue growth compared to the same period last year, having benefitted from the high prices and strong sales of the Group's major chemical products including caustic soda, acetic acid and phenol acetone. With increased handover of residential properties during the Period, the Property Division achieved significant revenue growth. In the face of the

PERFORMANCE

Laminates Division: In spite of a slide in demand in the electronics industry during the Period, the Laminates Division achieved satisfactory progress with its product portfolio enhancement efforts as it actively developed new market arenas. A significant increase in the share of sales of high-end and high-value-added products was witnessed. This high-end product portfolio included thin laminates for portable devices, lead-free and halogen-free laminates with high environmental compliance, fire-resistant laminates with broad compatibility, and high-frequency and high-speed laminates with low loss and high transmission speed. Segment revenue of the Laminates Division declined 26% to HK$10,747.1 million. During the Period, the Division's experienced management team has actively mitigated the impact of high commodity, energy and transportation costs by raising efficiency and lowering energy consumption through technical enhancements. The Division has also effectively cushioned the pressure of cost increases by raising the rate of automation to achieve savings on labour expenses. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 49% to HK$2,260.8 million during the Period.

PCBs Division: The Division has made relentless efforts in expanding sales in different markets, including the automobile, telecommunications and consumer electronics. In support of this, the PCBs segment has continued to bring in high-calibre management and technical talents, while investing in state-of-the-art machinery and forging highly automated production lines. By constantly seeking room for improvement in the technical aspects and overcoming industry-wide obstacles one after another, the Division made progress towards advanced PCBs. Putting the market and efficiency as the primary considerations, the PCB Division adopted modern manufacturing execution system ("MES"), and also precise quality tracing and analysis were launched throughout the entire process to drive production efficiency and product quality enhancements. Segment revenue of the PCBs Division increased 8% to HK$6,985.8 million, but as high inflation pushed up costs, EBITDA fell by 10% to HK$838.6 million.

Chemicals Division: The high prices and strong sales of the Group's major chemical products, including caustic soda, acetic acid and phenol acetone, drove up segment revenue (including inter-segment sales) by 5% to HK$7,936.4 million during the Period. However, following an oil price hike, raw materials consumed by the Division saw a general price surge, bringing EBITDA down by 11% to HK$1,887.2 million.

Property Division: Due to an increased delivery of residential properties during the Period, revenue derived from property sales increased to HK$3,747.6 million. Rental income also rose by 5% to HK$604.6 million. As a result, segment revenue of the Property Division went up by 657% to HK$4,352.2 million, with EBITDA also up by 397% to HK$2,131.9 million.

INVESTMENTS

As at 30 June 2022, the Group held in aggregate approximately HK$6,457 million (31 December 2021: approximately HK$9,577 million) investments in securities instruments, representing approximately 6% (31 December 2021: approximately 9%) of the total asset of the Group as at 30 June 2022. These securities investment consist of mostly shares 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 these securities instruments through on-market purchases. The Group will from time to time monitor the price movement of prices in securities and bonds and may adjust its investment portfolio as and when appropriate.

The following table sets out the securities investments held by the Group in respect of the same issuer which the Group considers to be relatively significant as at 30 June 2022. None of the value of the following (or any other) securities investments of the Company, on a standalone or (where applicable) aggregate basis reached 5% or more of the total assets of the Company as at the end of the reporting period:

Investment	Number of securities held	Percentage of securities held (of the securities of the same class)	Investment cost	Fair value as at 30 June 2022	Percentage to the Group's total assets as of 30 June 2022	*Accumulated fair value loss up to 30 June 2022
	'000		*HK$'000*	*HK$'000*		*HK$'000*
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. ("GRFP")						

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022, 11 July 2022 and 14 July 2022, GRFP conducted the Consent Solicitations in June 2022 to seek waivers of existing and potential consequential Defaults or Events of Default under the Notes and to extend its debt maturity profile. GRFP offered Eligible Holders of each Series of the Notes an opportunity to consent to, among others, the extension of the maturity date of such Series of the Notes, which will allow GRFP to improve its overall financial condition and maintain a sustainable capital structure.In July 2022, GRFP completed the above debt restructuring scheme.

During the reporting period, the Group's above GRFP debt instruments at fair value through other comprehensive income portfolio generated interest income amounting to HK$44,829,000. During the period, the Group did not acquire or sell the above GRFP debts instruments at fair value through other comprehensive income.

According to above announcements, GRFP were not able to pay the bond interests due to its adverse financial condition. The Group had performed an impairment assessment on the debt instruments held under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and loss given default (i.e. the magnitude of the loss if there is a default), with the assessment of the probability of default and loss given default being based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining ECL on the Group's debt instruments for the period, the management had taken into accounts factors including the downgrading of credit rating of the debt instruments by the credit rating agencies, the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions at places where the bond issuer is operating.

The Group recognised impairment loss in profit or loss under ECL model of HK$1,575,440,000 on the above GRFP debt instruments at fair value through other comprehensive income by reference to exposures at default, recovery rate and adjustments for forward looking information.

Guangzhou R&F Properties Co., Ltd. (stock code: 2777) is principally engaged in the properties sector.

Based on the announcements of GRFP dated 13 November 2017, 4 January 2018, 21 February 2019, 5 July 2019, 28 February 2020, 18 January 2019, 24 February 2021, 26 January 2021 and 12 November 2020: (i) the senior notes ("GRFP February 2023 Senior Notes – 5.875%") were issued by GRFP in November 2017 and January 2018, and due in February 2023. The GRFP February 2023 Senior Notes – 5.875% are listed on the SGX and carry an interest of 5.875% per annum and interests are payable semi-annually. The net proceeds from the GRFP February 2023 Senior Notes – 5.875% were intended to be used to refinance debt and for general corporate purposes of GRFP; (ii) the senior notes ("GRFP February 2023 Senior Notes – 8.125%") were issued by GRFP in February 2019, and due in February 2023. The GRFP February 2023 Senior Notes – 8.125% are listed on SGX and carry an interest of 8.125% per annum and interests are payable semi-annually. The net proceeds from the GRFP February 2023 Senior Notes – 8.125% were mainly for offshore refinancing; (iii) the senior notes ("GRFP July 2024 Senior Notes") were issued by GRFP in July 2019, and due in July 2024. The GRFP July 2024 Senior Notes are listed on SGX and carry an interest of 8.125% per annum and interests are payable semi-annually. The net proceeds from the GRFP July 2024 Senior Notes were mainly for offshore refinancing; (iv) the senior notes ("GRFP February 2024 Senior Notes") were issued by GRFP in February 2019, and due in February 2024. The GRFP February 2024 Senior Notes are listed on SGX and carry an interest of 8.625% per annum and interests are payable semi-annually. The net proceeds from the GRFP February 2024 Senior Notes were mainly for offshore refinancing; (v) the senior notes ("GRFP March 2024 Senior Notes") were issued by GRFP in February 2020, and due in March 2024. The GRFP March 2024 Senior Notes are listed on the SGX and carry an interest of 8.625% per annum and interests are payable semi-annually. The net proceeds from the GRFP March 2024 Senior Notes were mainly for refinancing medium to long-term debt that will be due within exchange for creating values for the Group and its shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers. There was no equities 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 2022.

LIQ IDI AND CAPI AL RE O RCE

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2022, Group net current assets and current ratio (current assets divided by current liabilities) were HK$23,907.9 million (31 December 2021: HK$23,419.0 million) and 2.07 (31 December 2021: 1.87) respectively.

The net working capital cycle increased to 64 days as at 30 June 2022 from 60 days as at 31 December 2021 on the following key metrics:

– Inventories, in terms of stock turnover days, were 44 days (31 December 2021: 38 days).

– Trade receivables, in terms of debtor turnover days, were 52 days (31 December 2021: 62 days).

– Trade and bills payable (excluding bills payable for property, plant and equipment), in terms of creditor turnover days, were 32 days (31 December 2021: 40 days).

The Group's net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 19% (31 December 2021: 19%). The ratio of short-term to long-term bank borrowings stood at 40%:60% (31 December 2021: 58%:42%). During the Period, the Group invested approximately HK$2,300 million in new production capacity and HK$900 million in property construction expenses. Leveraging on the management team's ample professional experience, solid business foundation and a strong financial position, the Group strongly believes these investments will create stable and satisfactory returns for shareholders in the long run. During the Period, the Group continued to adopt a prudent financial management policy. The Group did not enter into any material derivative financial instruments, nor did the Group have any material foreign exchange exposure. 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. The Group possessed adequate financial resources in reserve to fulfil its requirements for future market developments. During the Period, Kingboard Laminates Holdings Limited (Stock Code: 1888), a subsidiary of the Group, successfully signed a 5-year sustainability-linked loan facility agreement with 14 major international and local banks. The syndicated facility received an overwhelming response from the market and was significantly oversubscribed. The final size of the loan came to HK$7 billion, reflecting the Group's efforts towards its sustainability goals, as well as the banking industry's trust and support of the Group's environmentalto t,b oalelm ESGuityet 2022.

As at 30 June 2022, variable-rate bank borrowingt3g52 -78.661 re⊠V n⊠wingt3g52 -78.66c n⊠-41nterest rang

CON INGEN LIABILI IE

The Group provided guarantees amounting to approximately HK$183,837,000 as at 30 June 2022 (31 December 2021: HK$336,601,000) to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group. Please refer to note 16 to the Group's unaudited condensed consolidated financial statements for the Period in this report for further details of such guarantees.

H MAN RE O RCE

As at 30 June 2022, the Group employed a global workforce of approximately 36,000 (31 December 2021: 36,000). Considering staff an important asset, the Group continues to adopt sound human resources management and planning which help deliver satisfactory results. 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. Kingboard Management Academy established by the Group has actively nurtured mid-rank and senior management personnel over the years. Furthermore, the Group recruits and nurtures several hundred promising university graduates from mainland China, Hong Kong and Taiwan every year. The Group will continue to implement training to retain talents in a bid to gain fresh energy for long-term development and to drive the Group's continued growth.

PRO PEC

Entering the second half of the year, the global macro environment, characterised by the dynamics of international relations and high inflation, will complicate the internal and external environments in which corporations operate. The Group will remain committed to strengthening its cash flow management. Echoing the state's aim for peak carbon dioxide emissions by 2030 and carbon neutrality by 2060, the Group is establishing solar photovoltaic power projects within
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Laminates Division: During the first half of the year, the Group added monthly capacities of 4,200 tonnes of glass yarn and 300 tonnes of copper foil in Lianzhou, Guangdong Province. In Shaoguan, Guangdong Province, the glass fabric facility with a monthly capacity of 9 million metres has already entered operation, and is planning to add 4 million metres of glass fabric capacity per month during the second half. The quality of the Group's upstream materials has been widely recognised by external customers. The aforesaid expansion plan will drive the Group's external sales of upstream materials to increase earnings, in addition to coping with internal business needs. Some downstream customers maintained strict control of their inventories during the first half of the year, but as inventories have come down to lower levels, it is expected that demand will rebound gradually towards the coming half year as customers begin planning to increase orders. The laminates factory newly built in Shaoguan, Guangdong Province, has been in full commission, strategically increasing the Group's coverage in different regions. The Division will continue to collaborate with premium customers to further the certification of high-end products, and to drive the stable development of the Division.

PCBs Division: The Group possesses multifaceted advantages of supreme craftsmanship, comprehensive certification and good quality in end-user segments including automobile, telecommunications and consumer electronics. The Division now commands a healthy order book, in which demands for PCBs for new energy vehicles and photovoltaic use are particularly outstanding. That the price of laminates, a major raw material for PCBs, came down from the same period last year bodes well for the Division's profit margin. The Division is continuously developing in the direction of higher technical content like high aspect ratio and high precision alignment. These efforts will support the building of a portfolio of higher-value-added products whilst forging a closer collaborative ecology with customers. The Division will continue to bolster the core competitiveness of the various PCBs brands including Elec & Eltek, Techwise Circuits and Express Electronics. The Division will bring in 500,000 square feet of additional capacity for multi-layered PCBs in the second half of the year with a view to increasing the market penetration of Kingboard PCBs.

Chemicals Division: A more sophisticated development mode with consideration given to ecology will remain China's work priorities in 2022, along with the continued defence of the country's clear sky, water and clean land. The Chemicals Division will take part in this national effort by ensuring production safety and emission standards. Meanwhile, it works to enhance factory efficiency, optimise resource usage, and lower energy consumption. Engineering-grade plastic materials used to lower the weight of new energy vehicles, photovoltaic film, and electric cables applied to solar power generators and wing paddles in wind turbines constitute the majority of demands for the Division's phenol acetone and Bisphenol A output. To capture this demand, the Group is preparing to welcome a yearly addition of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A in Daya Bay, Huizhou, Guangdong Province.

Property Division: The Division will continue to adopt a prudent operational strategy. Over the past four years, the Division has not replenished its land bank. The Division performed well in the pre-sale of properties in July and August, and going forward, it will launch its residential projects in eastern China as originally planned, as a means to expedite capital recycling. At the same time, driven by the following three factors, the Division's rental income will grow steadily: First, the lease-free period of the commercial property located near the Kunshan high-speed railway station in Jiangsu Province will expire consecutively. Second, the occupancy rate of Shanghai Kingboard Plaza Phase II has increased significantly. Third, the acquisition of a commercial tower, Two London Wall Place in London, the United Kingdom, in June 2022. Rental income in 2022 is expected to be approximately HK$1,270 million, an increase of approximately 6% over last year. The properties invested by the Group are located in the United Kingdom, Hong Kong, eastern China and southern China, which will help diversify risks and continuously bringing stable cash inflows to the Group.

APPRECIATION

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 December 2022 to Friday, 9 December 2022 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 7 December 2022.

( ) [illegible]

Name of Director	Capacity	Interest in underlying Shares pursuant to the Share Options	Approximate percentage of the issued share capital of the Company as at the end of the Reporting Period *(%)*
Mr. Cheung Kwok Wing	Beneficial owner	2,000,000	0.180
Mr. Chang Wing Yiu	Beneficial owner	2,000,000	0.180
Mr. Cheung Kwong Kwan	Beneficial owner	2,000,000	0.180
Mr. Ho Yin Sang *(Note i)*	Beneficial owner/ Interest of spouse	3,840,000	0.346
Mr. Cheung Ka Shing	Beneficial owner	2,020,000	0.182
Ms. Ho Kin Fan	Beneficial owner	1,720,000	0.155
Mr. Chen Maosheng	Beneficial owner	330,000	0.030
Mr. Cheung Ming Man	Beneficial owner	150,000	0.014
Dr. Chong Kin Ki	Beneficial owner	150,000	0.014
Mr. Stanley Chung Wai Cheong	Beneficial owner	150,000	0.014
Mr. Chan Wing Kee	Beneficial owner	150,000	0.014

Note:

(i) Out of the 3,840,000 Share Options, 2,000,000 were held by Mr. Ho Yin Sang and 1,840,000 Share Options were held by his spouse.

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L [illegible] L [illegible] G [illegible]

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 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at 30 June 2022, shareholders who had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests disclosed above in respect of certain Directors, were as follows:

Name of shareholder	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hallgain Management Limited ("Hallgain") *(Note)*	Beneficial owner	451,088,700 (L)	40.68 (L)
FMR LLC	Investment manager	110,514,012 (L)	9.97 (L)
Fidelity Puritan Trust	Investment manager	77,533,681 (L)	6.99 (L)

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

Note:

As at 30 June 2022: (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 2022 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period ended 30 June 2022.

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report 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 2022.

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 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 2022.

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

Hong Kong, 29 August 2022

Board of Directors:

Executive Directors
Mr. Cheung Kwok Wing *(Chairman)*
Mr. Chang Wing Yiu *(Managing Director)*
Mr. Cheung Kwong Kwan
Mr. Ho Yin Sang
Mr. Cheung Ka Shing
Ms. Ho Kin Fan
Mr. Chen Maosheng

Independent Non-Executive Directors
Mr. Cheung Ming Man
Dr. Chong Kin Ki
Mr. Chan Wing Kee
Mr. Stanley Chung Wai Cheong