

KB 建滔積層板控股有限公司

KINGBOARD LAMINATES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1888

LEADING
THE FUTURE



INTERIM REPORT **2023**

INTERIM RESULTS

The board of directors (the “Board”) of Kingboard Laminates Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	8,109,913	13,175,953
Cost of sales		(6,812,063)	(9,172,836)
Gross profit		1,297,850	4,003,117
Other income, gains and losses	5	69,179	45,190
Distribution costs		(204,650)	(391,212)
Administrative costs		(406,161)	(543,918)
Loss on fair value changes of equity instruments at fair value through profit or loss		(69,042)	(67,578)
Gain on disposal of debt instruments at fair value through other comprehensive income		12,071	–
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income		(270)	(181,660)
Finance costs	6	(131,689)	(44,301)
Profit before taxation		567,288	2,819,638
Income tax expense	8	(144,713)	(993,563)
Profit for the period		422,575	1,826,075
Profit for the period attributable to:			
Owners of the Company		422,244	1,825,883
Non-controlling interests		331	192
		422,575	1,826,075
Earnings per share	10		
– Basic		HK\$0.135	HK\$0.585
– Diluted		HK\$0.135	HK\$0.585

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period	<u>422,575</u>	<u>1,826,075</u>
Other comprehensive (expenses) income for the period:		
<i>Item that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	<u>(789,165)</u>	<u>(884,729)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	270	181,660
Fair value loss on debt instruments at fair value through other comprehensive income	<u>(34,415)</u>	<u>(46,600)</u>
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>(12,071)</u>	<u>–</u>
	<u>(46,216)</u>	<u>135,060</u>
Other comprehensive expenses for the period	<u>(835,381)</u>	<u>(749,669)</u>
Total comprehensive (expenses) income for the period	<u><u>(412,806)</u></u>	<u><u>1,076,406</u></u>
Total comprehensive (expenses) income for the period attributable to:		
Owners of the Company	<u>(412,405)</u>	1,077,391
Non-controlling interests	<u>(401)</u>	<u>(985)</u>
	<u><u>(412,806)</u></u>	<u><u>1,076,406</u></u>

Condensed Consolidated Statement of Financial Position

		30 June 2023	31 December 2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	<i>(Audited)</i>
Non-current assets			
Investment properties		1,299,388	1,268,425
Property, plant and equipment	11	7,256,079	7,217,777
Right-of-use assets		587,503	585,750
Equity instruments at fair value through profit or loss		183,552	860,415
Debt instruments at fair value through other comprehensive income		106,678	89,532
Deposits paid for acquisition of property, plant and equipment		272,103	553,269
Deferred tax assets		3,113	3,113
Goodwill		238	238
		9,708,654	10,578,519
Current assets			
Inventories		3,267,476	2,429,643
Trade and other receivables and prepayments	12	3,617,054	3,833,741
Bills receivables	12	2,554,570	2,509,628
Properties held for development		117,410	175,068
Equity instruments at fair value through profit or loss		899,800	561,303
Debt instruments at fair value through other comprehensive income		–	14,820
Amounts due from fellow subsidiaries		925,630	889,018
Taxation recoverable		15,825	18,119
Cash and cash equivalents		3,225,026	3,289,953
		14,622,791	13,721,293

		30 June 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Current liabilities			
Trade and other payables	13	2,255,323	2,544,365
Bills payables	13	458,458	474,379
Contract liabilities		370,137	374,150
Dividend payable		624,000	468,000
Lease liabilities		376	560
Amounts due to fellow subsidiaries		47,586	47,587
Taxation payable		541,230	598,525
Bank borrowings – amount due within one year		1,918,393	200,000
		<u>6,215,503</u>	<u>4,707,566</u>
Net current assets		<u>8,407,288</u>	<u>9,013,727</u>
Total assets less current liabilities		<u>18,115,942</u>	<u>19,592,246</u>
Non-current liabilities			
Lease liabilities		1,156	1,293
Deferred tax liabilities		298,832	318,962
Bank borrowings – amount due after one year		3,780,769	4,200,000
		<u>4,080,757</u>	<u>4,520,255</u>
Net assets		<u>14,035,185</u>	<u>15,071,991</u>
Capital and reserves			
Share capital		312,000	312,000
Reserves		13,700,487	14,736,892
Equity attributable to owners of the Company		14,012,487	15,048,892
Non-controlling interests		22,698	23,099
Total equity		<u>14,035,185</u>	<u>15,071,991</u>

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Properties revaluation reserve	Investment revaluation reserve	Share-based payments reserve	Special reserve	Statutory reserve	Goodwill reserve	Retained profits	Sub-total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Balance at 1 January 2023	312,000	2,131,768	(367,910)	7,268	(18,140)	48,000	757,689	2,091,320	256,911	9,829,986	15,048,692	23,099	15,071,991
Profit for the period	-	-	-	-	-	-	-	-	-	422,244	422,244	331	422,575
Exchange differences arising from translation of presentation currency	-	-	(788,433)	-	-	-	-	-	-	-	(788,433)	(732)	(789,165)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	270	-	-	-	-	-	270	-	270
Fair value loss on debt instruments at fair value through other comprehensive income	-	-	-	-	(34,415)	-	-	-	-	-	(34,415)	-	(34,415)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	(12,071)	-	-	-	-	-	(12,071)	-	(12,071)
Total comprehensive (expense) income for the period	-	-	(788,433)	-	(46,216)	-	-	-	-	422,244	(412,405)	(401)	(412,806)
Final dividend payable for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	(624,000)	(624,000)	-	(624,000)
Transfer to the reserve	-	-	-	-	-	-	-	200,839	-	(200,839)	-	-	-
	-	-	-	-	-	-	-	200,839	-	(824,839)	(624,000)	-	(624,000)
Balance at 30 June 2023	312,000	2,131,768	(1,156,343)	7,268	(64,356)	48,000	757,689	2,292,159	256,911	9,427,391	14,012,487	22,698	14,035,185

Attributable to owners of the Company

	Share capital	Share premium	Translation reserve	Properties revaluation reserve	Investment revaluation reserve	Share-based payments	Special reserve	Statutory reserve	Goodwill reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2022	312,000	2,131,768	1,514,372	7,268	(165,662)	-	757,689	1,590,845	256,911	12,635,292	19,038,483	26,641	19,065,124
Profit for the period	-	-	-	-	-	-	-	-	-	1,825,883	1,825,883	192	1,826,075
Exchange differences arising from translation of presentation currency	-	-	(883,552)	-	-	-	-	-	-	-	(883,552)	(1,177)	(884,729)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	181,660	-	-	-	-	-	181,660	-	181,660
Fair value loss on debt instruments at fair value through other comprehensive income	-	-	-	-	(46,600)	-	-	-	-	-	(46,600)	-	(46,600)
Total comprehensive (expense) income for the period	-	-	(883,552)	-	135,060	-	-	-	-	1,825,883	1,077,391	(893)	1,076,406
Recognition of equity settled share-based payments	-	-	-	-	-	48,000	-	-	-	-	48,000	-	48,000
Final dividend payable for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	(3,744,000)	(3,744,000)	-	(3,744,000)
Transfer to the reserve	-	-	-	-	-	-	-	286,919	-	(286,919)	-	-	-
	-	-	-	-	-	48,000	-	286,919	-	(4,030,919)	(3,696,000)	-	(3,696,000)
Balance at 30 June 2022	312,000	2,131,768	630,820	7,268	(30,602)	48,000	757,689	1,875,764	256,911	10,430,256	16,419,874	25,656	16,445,530

Notes:

- (a) Statutory reserve comprises statutory fund, which is non-distributable, and represents capitalisation of retained profits of certain subsidiaries established in the People's Republic of China (the "PRC") for capital re-investment in these subsidiaries and funds shall be used to (i) make up prior year losses or (ii) expand production operations.
- (b) Goodwill reserve represents the effect of changes in ownership in certain subsidiaries when there is no change in control.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash (used in) from operating activities	(497,393)	2,477,352
Net cash used in investing activities	(267,007)	(500,369)
Net cash from (used in) financing activities	699,473	(375,185)
Net (decrease) increase in cash and cash equivalents	(64,927)	1,601,798
Cash and cash equivalents at the beginning of the period	3,289,953	2,864,889
Cash and cash equivalents at the end of the period	<u>3,225,026</u>	<u>4,466,687</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.

2. Principal accounting policies

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

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS17)	Insurance Contracts
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules

The application of the new and amendments to HKFRSs in the current interim 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. Revenue

Analysis of revenue for the period is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	4,877,455	7,190,895
Sales of paper laminates	660,149	804,267
Sales of upstream materials (note a)	1,822,264	1,879,190
Sales of properties	109,275	2,672,606
Others (note b)	554,853	545,668
Revenue recognised overtime (note c)	27,008	24,629
	<hr/>	<hr/>
Revenue from contracts with customers	8,051,004	13,117,255
Rental income	27,880	32,701
Interest income from debt instruments	1,222	6,488
Dividend income	29,807	19,509
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	8,109,913	13,175,953
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Notes:

- (a) Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. The payment terms are ranged from 0 day to 120 days.
- (b) Others mainly includes sales of specialty resin of HK\$468,558,000 (six months ended 30 June 2022: HK\$437,290,000).
- (c) Income from hotel accommodation of HK\$27,008,000 (six months ended 30 June 2022: HK\$24,629,000).

4. Segment information

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Chief Operating Decision Maker ("CODM") in order to allocate resources to segments and to assess their performance. Specifically, the Group's reportable segments under HKFRS 8 are organised into three main operating divisions – (i) manufacturing and sale of laminates; (ii) properties; and (iii) investments.

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 result represents the profit earned by or loss incurred from each segment with certain items not included (unallocated corporate income and expenses, share-based payments and finance costs). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment revenue and results

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

Six months ended 30 June 2023	Laminates HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>7,914,721</u>	<u>164,163</u>	<u>31,029</u>	<u>8,109,913</u>
Segment results	<u>703,396</u>	<u>59,871</u>	<u>(31,556)</u>	731,711
Unallocated corporate income				23,498
Unallocated corporate expenses				(56,232)
Finance costs				<u>(131,689)</u>
Profit before taxation				<u>567,288</u>
Six months ended 30 June 2022	Laminates HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>10,420,020</u>	<u>2,729,936</u>	<u>25,997</u>	<u>13,175,953</u>
Segment results	<u>1,830,156</u>	<u>1,356,295</u>	<u>(239,177)</u>	2,947,274
Unallocated corporate income				20,254
Unallocated corporate expenses				(55,589)
Share-based payments				(48,000)
Finance costs				<u>(44,301)</u>
Profit before taxation				<u>2,819,638</u>

For the six months ended 30 June 2023, revenue from one of the Group's customers, being Kingboard Holdings Limited's subsidiaries, in laminates segment, amounted to HK\$1,732,980,000 (six months ended 30 June 2022: HK\$2,292,619,000), which individually accounted for more than 10% of the Group's revenue for the period.

5. Other income, gains and losses

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	17,635	13,154
Gain (loss) on disposal and write off of property, plant and equipment	7,462	(990)
Government grants	31,676	16,797
Others	12,406	16,229
	<u>69,179</u>	<u>45,190</u>

6. Finance costs

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank borrowings	137,459	49,780
Interest on lease liabilities	38	43
Imputed interest on contract liabilities	–	136
Less: Amounts capitalised in the construction in progress	(5,808)	(5,522)
Less: Amounts capitalised in the properties held for development	–	(136)
	<u>131,689</u>	<u>44,301</u>

Bank and other borrowing costs capitalised during the period includes imputed interest on contract liabilities of HK\$136,000 for the six months ended 30 June 2022 (six months ended 30 June 2023: Nil) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.7% for the six months ended 30 June 2022 (six months ended 30 June 2023: Nil) per annum to expenditure on qualifying assets.

7. Depreciation

During the period, depreciation of approximately HK\$456,200,000 (six months ended 30 June 2022: HK\$385,700,000) was charged in respect of the Group's property, plant and equipment.

8. Income tax expense

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The amount comprises:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	91,887	422,209
The PRC Land Appreciation Tax ("LAT")	16,331	446,513
Hong Kong Profits Tax	1,385	3,141
Taxation arising in other jurisdiction	5,206	9,136
Withholding tax in the PRC	34,863	117,257
	<u>149,672</u>	<u>998,256</u>
Deferred taxation		
Credit for the period	(4,959)	(4,693)
	<u>144,713</u>	<u>993,563</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.

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 in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2024 (2022: 2024).

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 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.

9. Interim Dividends

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2023 of HK6.0 cents per share (six month ended 30 June 2022: interim dividend HK15.0 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 15 December 2023. The dividend warrants will be dispatched on or around Thursday, 4 January 2024.

10. Earnings per share

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>422,244</u>	<u>1,825,883</u>
	Number of shares	
	30 June 2023	30 June 2022
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,120,000	3,120,000
Add: Effect of dilutive potential ordinary shares arising from share options	<u>—</u>	<u>15</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>3,120,000</u>	<u>3,120,015</u>

The computation of diluted earnings per share for six months ended 30 June 2023 did not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market prices of shares of the Company during the period ended 30 June 2023. For the six months ended 30 June 2022, the computation of diluted earnings per share assumed the exercise of the Company's share options because the exercise price of these share options was lower than the average market price.

11. Additions to property, plant and equipment

During the reporting period, the Group had addition of approximately HK\$766,000,000 (six months ended 30 June 2022: HK\$1,482,800,000) on property, plant and equipment.

12. Trade and other receivables and prepayments and bills receivables

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	3,286,089	3,715,273
Less: Allowance for credit losses	(542,715)	(574,985)
	<hr/>	<hr/>
Trade receivables, net	2,743,374	3,140,288
Advance to suppliers	227,272	183,371
Prepaid expenses and deposits	85,856	84,999
Value-added tax ("VAT") recoverable	337,358	244,531
Other receivables	223,194	180,552
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	3,617,054	3,833,741
Bills receivables	2,554,570	2,509,628
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	6,171,624	6,343,369
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As at 1 January 2022, the gross amount of trade receivables from contracts with customers amounted to HK\$6,243,668,000 with allowance for credit losses of HK\$661,595,000.

The Group allows credit periods of up to 120 days (31 December 2022: 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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0–90 days	2,303,374	2,672,381
91–180 days	419,459	440,570
Over 180 days	20,541	27,337
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	2,743,374	3,140,288
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Bills receivables of the Group are aged within 90 days (31 December 2022: 90 days) at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

13. Trade and other payables and bills payables

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	834,332	964,300
Accrued expenses	443,875	496,766
Payables for acquisition of property, plant and equipment	186,191	134,314
Other tax payables	575,852	661,868
VAT payables	121,035	136,536
LAT payables	–	61,096
Other payables	94,038	89,485
	<u>2,255,323</u>	<u>2,544,365</u>
Bills payables (Note)	458,458	474,379
	<u><u>2,713,781</u></u>	<u><u>3,018,744</u></u>

Note:

Included in bills payables as at 30 June 2023 was payables for acquisition of property, plant and equipment of HK\$18,064,000 (31 December 2022: HK\$10,148,000).

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
0–90 days	754,436	858,646
91–180 days	37,311	43,435
Over 180 days	42,585	62,219
	<u>834,332</u>	<u>964,300</u>

The average credit period on purchase of goods is 90 days (2022: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

Bills payables of the Group related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables, which are aged within 90 days (2022: 90 days) at the end of the reporting period.

14. Share options

The share option scheme of the Company (the "Scheme") was approved by the shareholders of the Company and the shareholders of Kingboard Holdings Limited ("KHL") on 29 May 2017 and the Scheme took effect upon obtaining approval from the Listing Committee of the Stock Exchange on 2 November 2017. The purpose of the Scheme is to provide incentive or reward to the eligible participants of the Scheme (as listed below) for their contribution to, and continuing efforts to promote the interests of the Group.

The Scheme is valid for a period of ten years. The Board may, at its discretion, grant options to subscribe for shares in the Company to (i) eligible participants who contribute to the long-term growth and profitability of the Company and include any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of 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 person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (vi) any shareholder of any member of the Group or any Invested Entity.

The exercise price of the Company's share in respect of any option granted under the 2017 KLHL Scheme was determined with reference to the highest of (i) the closing price of the shares of the Company 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 the Company 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 the Company. For details, please refer to the announcement of the Company dated 23 June 2022.

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 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 ten years from the date of grant of the option subject to the provisions for early termination thereof. The Directors 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 the Company which may be issued upon exercise of all options to be granted under the Scheme (excluding, for this purpose, options lapsed in accordance with the terms of the Scheme and any other share option scheme of the Company) must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme by the shareholders of the Company and the shareholders of KHL (i.e. 308,100,000 shares).

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

The total number of shares of the Company 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 the Company then in issue unless approved by the shareholders of the Company and KHL in general meetings.

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

Directors	Date of grant	Outstanding as at 1 January 2023 (Note)	Grant during the period	Exercise price per share	Outstanding as at 30 June 2023	Exercisable period
Mr. Cheung Kwok Wa	23 June 2022	6,000,000	–	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Kwok Keung	23 June 2022	6,000,000	–	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Kwok Ping	23 June 2022	6,000,000	–	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Lam Ka Po	23 June 2022	6,000,000	–	HK\$9.728	6,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Cheung Ka Ho	23 June 2022	2,000,000	–	HK\$9.728	2,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Zhou Pei Feng	23 June 2022	1,000,000	–	HK\$9.728	1,000,000	23 June 2022 to 22 June 2032 (Note)
Mr. Ip Shu Kwan, Stephen	23 June 2022	500,000	–	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Zhang Lu Fu	23 June 2022	500,000	–	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Kung, Peter	23 June 2022	500,000	–	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Mr. Ho Kwok Ming	23 June 2022	500,000	–	HK\$9.728	500,000	23 June 2022 to 22 June 2032 (Note)
Subtotal		29,000,000	–		29,000,000	
Grant to employees of the Group	23 June 2022	7,900,000	–	HK\$9.728	7,900,000	23 June 2022 to 22 June 2032 (Note)
Total		<u>36,900,000</u>	<u>–</u>		<u>36,900,000</u>	
Exercisable at						
1 January 2023			36,900,000			
30 June 2023			<u>36,900,000</u>			

Note:

During the period ended 30 June 2022, 36,900,000 options were granted by the Company on 23 June 2022 under the Scheme, of which 29,000,000 options were granted to the Directors and 7,900,000 were granted to employees of the Company. As at 31 December 2022 and 30 June 2023, 36,900,000 options remained outstanding under the Scheme. The closing price of the Company's shares on 22 June 2022 (namely the date immediately before the aforesaid grant date) is HK\$9.46. The estimated fair value of the aforesaid options was HK\$48,000,000, of which HK\$37,724,000 was attributable to the options granted to the Directors while HK\$10,276,000 was attributable to the options granted to employees of the Company. The fair value of each of the abovementioned options was identical, namely HK\$1.3008. All share options were vested on the date of grant.

As at 30 June 2023, there was no participant with share options granted in excess of the individual limit.

Save as disclosed, there has been no option granted or outstanding under the Scheme. During the period, no option has lapsed or has been cancelled or exercised under the Scheme.

The number of options available for grant under the Scheme is 232,200,000 as at 1 January 2023 and 30 June 2023.

15. Capital and other commitments

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition of property, plant and equipment	<u>71,681</u>	<u>67,838</u>

16. Contingent liabilities

The Group provided guarantees amounting to approximately HK\$16.7 million as at 30 June 2023 (31 December 2022: approximately HK\$148.4 million) in respect of bank mortgage 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 2023 and 31 December 2022.

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.

17. Related party transactions

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(i) Sales of goods to fellow subsidiaries	<u>1,732,980</u>	<u>2,292,619</u>
(ii) Purchases of goods from fellow subsidiaries	<u>253,326</u>	<u>440,946</u>
(iii) Sales of laminates and copper to a shareholder with significant influence over the ultimate holding company	<u>278,870</u>	<u>253,357</u>
(iv) Purchases of machineries from a shareholder with significant influence over the ultimate holding company	<u>33,831</u>	<u>71,208</u>

BUSINESS REVIEW

On behalf of the board of directors (the “Board”) of Kingboard Laminates Holdings Limited (the “Company”), I am delighted to report to our shareholders for the result of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “Period”). During the Period, businesses have faced multiple headwinds, including geopolitical conflicts, rising inflation and interest rates, weakened consumer sentiments, and subdued demand in the electronics market. In addition, the general excess capacity resulting from the expansion of the laminates industry participants two years ago, has contributed to a decline in both sales volume and selling prices of laminates compared to the same period last year. Despite the challenging market conditions and rising costs, the Laminates Division demonstrated remarkable resilience, fuelled by its comprehensive vertical supply chain, extensive customer network, sustained technical advancements, and effective cost control. As the remaining saleable properties diminished, the Property Division recorded a decline in revenue. The Group’s revenue decreased 38% year on year to HK\$8,109.9 million, along with a 77% decrease in underlying profit attributable to the owners of the Company (excluding non-recurring items) to HK\$422.2 million. On consideration of the Group’s robust financial position, the Board has proposed an interim dividend of HK6.0 cents per share.

Financial Highlights

	Six months ended 30 June		Change
	2023 HK\$'million	2022 HK\$'million	
Revenue	8,109.9	13,176.0	-38%
EBITDA*	1,163.1	3,305.4	-65%
Profit before tax*	567.3	2,867.6	-80%
Net profit attributable to owners of the Company*			
– Underlying net profit*	422.2	1,873.9	-77%
– Reported net profit	422.2	1,825.9	-77%
Basic earnings per share			
– Based on underlying net profit*	HK13.5 cents	HK60.1 cents	-78%
– Based on reported net profit	HK13.5 cents	HK58.5 cents	-77%
Interim dividend per share	HK6.0 cents	HK15.0 cents	-60%
Net asset value per share	HK\$4.49	HK\$5.26	-15%
	Net Gearing 18%	Net Cash 1,151.7	

* Excluding

From 1 January 2022 to 30 June 2022, share-based payment of HK\$48 million (From 1 January 2023 to 30 June 2023: Nil).

PERFORMANCE

Laminates Division: During the Period, the electronics industry faced a decline in demand which resulted in a 8% decrease in shipment volume compared with the same period last year. Monthly shipment volume dropped to 7.4 million sheets. Despite this challenging market condition, the Laminates Division made satisfactory progress with its product portfolio enhancement efforts as it actively pursued new market arenas. There was a significant rise in the share of sales attributed to high-end and high-value-added products. This high-end product portfolio includes thin laminates designed for portable devices, lead-free and halogen-free laminates complying with stringent environmental standards, fire-resistant laminates and low thermal expansion coefficient laminates with wide compatibility, as well as high-frequency and high-speed laminates ensuring low loss and high transmission speed. Segment revenue of the Laminates Division declined 24% to HK\$7,914.7 million. The division's experienced management team worked diligently during the Period to mitigate the impact of high commodity, energy and transportation costs. Through technical enhancements, the division was able to reduce energy consumption and improve productivity. Additionally, the division increased the utilisation of automation, resulting in lower labour costs. These initiatives effectively helped offset the impact of cost inflation. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 48% to HK\$1,160.0 million.

Property Division: As the Group continued to focus on the development of its laminates business, the Property Division was mainly engaged in the sales of the remaining units. As the number of remaining saleable units diminished, segment revenue dropped by 94% to HK\$164.2 million. EBITDA also were down 95% to HK\$67.8 million.

INVESTMENTS

As at 30 June 2023, the Group had in aggregate approximately HK\$1,190,000,000 (31 December 2022: HK\$1,526,100,000) investments in securities instruments, representing approximately 5% (31 December 2022: approximately 6%) of the total asset of the Group as at 30 June 2023, which consist of mostly shares listed on the Main Board of The Stock Exchange of Hong Kong Limited and bonds issued by companies also listed on the Main Board of the Stock Exchange. The Group acquired such securities investments through on market purchase. The Group will from time to time monitor the price movement of prices in securities and may adjust its investment portfolio as and when appropriate.

The following table sets out the investments held by the Group which the Group considers to be relatively significant as at 30 June 2023. None of the value of the following (or any other) securities investments of the Group, on standalone or aggregate basis, reached 5% or more of the total assets of the Company as of the end of the reporting period.

Investment in Guangzhou R&F Properties Co., Ltd. ("GRFP")	Number of securities held '000	Investment cost HK\$'000	Fair value as at 30 June 2023 HK\$'000	Percentage to the Group's total assets as of 30 June 2023	Accumulated fair value loss to 30 June 2023* HK\$'000
Bonds with fixed coupon rate of 6.5% per annum and maturity date in July 2025 ("GRFP Group A Notes") listed on Singapore Exchange Securities Trading Limited ("SGX") by GRFP	3,193	17,459	1,827	0.01%	(15,632)
Bonds with fixed coupon rate of 6.5% per annum and maturity date in July 2027 ("GRFP Group B Notes") listed on SGX by GRFP	35,663	252,246	23,320	0.10%	(228,926)
		<u>269,705</u>	<u>25,147</u>	<u>0.11%</u>	<u>(244,558)</u>

* Including the impairment loss recognised in profit or loss with gross amount of HK\$270,000 (six months ended 30 June 2022: HK\$181,660,000) during the reporting period, and the accumulated impairment loss recognised in profit or loss with gross amount of HK\$186,771,000.

In terms of bond investments, the Group retained a certain number of listed bonds in order to generate stable and fixed interest income as the investment strategy. The Group's bond portfolio (including those as set out in the above table) totalled a fair value of HK\$106,678,000 as at 30 June 2023 and the corresponding total investment cost was HK\$347,705,000. During the period, interest income from bond investments amounted to HK\$1,222,000 representing a decrease of approximately 81% compared to HK\$6,488,000 with the corresponding period in 2022.

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

In respect of the above GRFP debts instruments, 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 did not acquire or sell the above GRFP debt 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 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 under ECL model of HK\$270,000 in profit or loss for the reporting period and the accumulated ECL of HK\$186,771,000 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.

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022 and 11 July 2022: (i) The GRFP Group A Notes consisting of the 2022 Notes, the July 2022 Notes and the November 2022 Notes (“GRFP 6.5% senior notes due 2025”) were issued by GRFP in July 2022, and due in July 2025. The GRFP 6.5% senior notes due 2025 are listed on the SGX and carry an interest of 6.5% per annum and interests are payable semi-annually. The net proceeds from the GRFP 6.5% senior notes due 2025 were mainly for refinancing medium to long-term debt that will be due within one year and offshore refinancing; (ii) The GRFP Group B Notes consisting of the 2023 Notes, the February 2023 Notes and the August 2023 Notes (“GRFP 6.5% senior notes due 2027”) were issued by GRFP in July 2022, and due in July 2027. The GRFP 6.5% senior notes due 2027 are listed on SGX and carry an interest of 6.5% per annum and interests are payable semi-annually. The net proceeds from the GRFP 6.5% senior notes due 2027 were mainly for refinancing debt and for general corporate purposes of GRFP and offshore refinancing. According to the 2023 interim results announcement of GRFP, the net debt to total equity ratio of GRFP increased to 192% at 30 June 2023 from 171% at 31 December 2022.

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

The Company’s equity instruments consist primarily of listed shares of a cluster of wide-ranging primarily blue-chip listed issuers as at 30 June 2023. During the Period, the dividend income from equity instrument at fair value through profit or loss is HK\$29,807,000, and the amount of loss on fair value changes of equity instruments at fair value through profit or loss is HK\$69,042,000. 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 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 2023.

The Group’s Investment Strategy for These Investments

Our investment portfolio is comprised mainly of listed securities of a variety of blue-chip listed companies and debt securities issued by creditable listed companies in Hong Kong. Our investment objective is to generate stable interest and dividend income and create value of the Group and its shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2023, Group's net current assets and current ratio (current assets divided by current liabilities) were approximately HK\$8,407.3 million (31 December 2022: HK\$9,013.7 million) and 2.35 (31 December 2022: 2.91) respectively.

The net working capital cycle increased from 86 days as at 31 December 2022 to 134 days as at 30 June 2023 on the following key metrics:

- Inventories, in terms of stock turnover days, were 87 days (31 December 2022: 51 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 82 days (31 December 2022: 66 days).
- Trade and bills payables (excluding bills payable for property, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, were 35 days (31 December 2022: 31 days).

As at 30 June 2023, net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 18% (31 December 2022: 7%). The ratio of short-term to long-term bank borrowings stood at 34%:66% (31 December 2022: 5%:95%). During the Period, the Group invested approximately HK\$500 million in new capacity. The Group believes that with an experienced management team, solid business foundations and a strong financial position, these investments will deliver stable and satisfactory returns for shareholders in the long term. 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 during the Period. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of its operating expenses. The Group has adequate financial resources in reserve to fulfil its requirements for future market developments.

DEBT MATURITY PROFILE

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within one year	1,918,393	200,000
Within a period of more than one year but not more than two years	1,426,923	1,107,692
Within a period of more than two years but not more than five years	2,353,846	3,092,308
	<u>5,699,162</u>	<u>4,400,000</u>
<i>Reclassification due to repayment on demand clause</i>		
Current	1,918,393	200,000
Non-current	3,780,769	4,200,000
	<u>5,699,162</u>	<u>4,400,000</u>

The Group's variable-rate bank borrowings as at 30 June 2023 carry interest ranging from HIBOR +0.986% to HIBOR +1.08% (31 December 2022: HIBOR +0.986% to HIBOR +1.08%) per annum and Loan Prime Rate ("LPR") -0.85% to LPR -0.75% (31 December 2022: Nil) per annum and fixed rate bank borrowing which carry interest rate is 2.90% per annum (31 December 2022: Nil).

The effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings as at 30 June 2023 is 5.18% (31 December 2022: 5.81%) per annum.

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
HK\$	4,300,000	4,400,000
RMB	1,399,162	—
	<u>5,699,162</u>	<u>4,400,000</u>

CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK\$16.7 million in aggregate as at 30 June 2023 (31 December 2022: approximately HK\$148.4 million) in respect of bank mortgage loans granted to purchasers of the Group's properties. 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.

HUMAN RESOURCES

As at 30 June 2023, the Group employed a workforce of approximately 10,200 (31 December 2022: 10,300). In addition to offering competitive salary packages, the Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme are set out in Note 14 to the consolidated financial statements. The Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance.

PROSPECTS

Entering the second half of the year, a gradual resumption of consumer confidence is leading to a return to growth in shipments. After a downward cycle of more than a year, the inventories of printed circuit board makers and end-user customers have substantially cleared up. It is anticipated that the laminates market will gradually stabilise and rebound, owing to multiple factors, including the rise of export orders, the rapid growth of new energy vehicles and its peripheral products like charging stations, the growing adoption of photovoltaic and other clean energy sources and artificial intelligence. Furthermore, raw material prices have been consistently dropping during this market downturn. While this trend has put tremendous price pressure on the Group's inventory, it is worth noting that almost all raw materials used in laminates, save for copper, had now reached extremely low price points. This is set to improve the Group's gross profit margin in the second half of the year. All business units remain steadfast in their commitment to upholding high quality standards while maintaining effective cost controls. It is also anticipated that the years of research and development invested by the Group will gradually yield positive results and deliver high-quality growth. Moving forward, the division will continue to collaborate with premium customers, working together towards the certification of high-end products. The Group added 450 tonnes of copper foil monthly capacities in Lianzhou, Guangdong Province during the first half of the year. An additional 300 tonnes per month will be added over the second half. The Group's upstream materials have gained wide recognition from external customers, and this expansion plan will drive increased external upstream sales and earnings, while also meeting internal business needs. The Group also has plans to expand its laminates monthly capacities in Thailand by 400,000 sheets to address the development pace. In alignment with the state's call for energy savings and emissions reduction, the Group is adopting a professional and systematic approach to establish distributed solar photovoltaics within its facilities. This initiative demonstrates the Group's commitment to achieving its environment, social, and governance (ESG) goals and is expected to yield long-term benefits for the Group. We have full confidence in the continuous development of the Group. The Group has gained customers' trust and recognition through its consistent product quality and on-time delivery. The management team remains committed to generating enhanced returns for our shareholders.

APPRECIATION

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 14 December 2023 to Friday, 15 December 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend, the Company's shareholders are reminded to ensure all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 13 December 2023.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2023, the interests of the Directors (including the Managing Director of the Company) and their associates 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 (the "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 Wa ¹	Beneficial owner/ Interest of spouse	9,517,000	0.305
Mr. Cheung Ka Ho	Beneficial owner	216,000	0.007
Mr. Cheung Kwok Keung	Beneficial owner	2,502,000	0.080
Mr. Cheung Kwok Ping	Beneficial owner	3,000,000	0.096
Mr. Lam Ka Po	Beneficial owner	3,303,000	0.106
Mr. Ip Shu Kwan, Stephen	Beneficial owner	350,000	0.011
Mr. Kung, Peter	Interests held jointly with his spouse	60,000	0.002

Note:

¹ 75,000 Shares were held by his spouse.

All Directors above also hold share options of the Company, details of which are mentioned in the section headed "Directors' interest in shares – Long position (b) Share options of the Company".

(b) Share options of the Company (“Share Options”)

Name of Director	Capacity	Interest in underlying shares pursuant to Share Options	Approximately percentage of the issued share capital of the Company %
Mr. Cheung Kwok Wa	Beneficial owner	6,000,000	0.192
Mr. Cheung Kwok Keung	Beneficial owner	6,000,000	0.192
Mr. Cheung Kwok Ping	Beneficial owner	6,000,000	0.192
Mr. Lam Ka Po	Beneficial owner	6,000,000	0.192
Mr. Cheung Ka Ho	Beneficial owner	2,000,000	0.064
Mr. Zhou Pei Feng	Beneficial owner	1,000,000	0.032
Mr. Ho Kwok Ming	Beneficial owner	500,000	0.016
Mr. Ip Shu Kwan, Stephen	Beneficial owner	500,000	0.016
Mr. Zhang Lu Fu	Beneficial owner	500,000	0.016
Mr. Kung, Peter	Beneficial owner	500,000	0.016

(c) Non-voting deferred shares of HK\$1 each of Kingboard Laminates Limited, a wholly-owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares held
Mr. Cheung Kwok Wa	Beneficial owner	1,058,000
Mr. Cheung Kwok Keung	Beneficial owner	529,000
Mr. Cheung Kwok Ping	Beneficial owner	952,200
Mr. Lam Ka Po	Beneficial owner	581,900

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.

(d) Ordinary shares of HK\$0.10 each of Kingboard Holdings Limited (“KHL”), the ultimate holding company of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of KHL %
Mr. Cheung Kwok Wa ¹	Beneficial owner/ Interest of spouse	15,740,320	1.420
Mr. Cheung Kwok Keung	Beneficial owner	2,610,222	0.235
Mr. Cheung Kwok Ping ²	Beneficial owner/ Interest of spouse	7,236,383	0.653
Mr. Lam Ka Po	Beneficial owner	2,500,000	0.225
Mr. Cheung Ka Ho	Beneficial owner	484,000	0.044
Mr. Lo Ka Leong	Interest of spouse	50,000	0.005

Notes:

¹ 74,400 KHL's shares were held by his spouse.

² 36,000 KHL's shares were held by his spouse.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors (including the Managing Director of the Company), the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Shares

Name of shareholder	Notes	Nature of interest	Number of issued shares held	Approximate percentage of the issued share capital of the Company %
Hallgain Management Limited ("Hallgain")	(a) & (b)	Interest of controlled corporations	2,301,434,000(L)	73.76
KHL	(c)	Beneficial owner Interest of controlled corporations	117,635,500(L) 2,183,798,500(L)	3.77 69.99
Jamplan (BV) Limited ("Jamplan")	(d)	Beneficial owner Interest of controlled corporation	1,785,000,000(L) 398,798,500(L)	57.21 12.78
Capital Research and Management Company		Investment manager	177,205,851(L)	5.68

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

Notes:

- At 30 June 2023, (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 are not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wa, Cheung Kwok Ping and Lam Ka Po, all of whom are Directors, are also directors of Hallgain.
- The interests are held by KHL directly and indirectly. KHL is owned as to approximately 41.33% by Hallgain as at 30 June 2023.
- The interests are held by Jamplan directly and indirectly. Jamplan is a wholly-owned subsidiary of KHL. Mr. Lam Ka Po, being a Director, is also a director of Jamplan.
- The interests are indirectly held by Jamplan through its wholly-owned subsidiary, Kingboard Investments Limited ("KIL"). Messrs. Cheung Kwok Wa and Cheung Kwok Ping, being Directors, are also directors of KIL.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions which fall to be disclosed to the Company under the provisions of Division 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 in the issued share capital of the Company as at 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period ended 30 June 2023.

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 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the code provisions as set out in the Corporate Governance 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 2023.

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 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 2023.

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

Hong Kong, 28 August 2023

Board of Directors

Executive Directors

Mr. Cheung Kwok Wa (*Chairman*)
Mr. Cheung Kwok Keung (*Managing Director*)
Mr. Cheung Kwok Ping
Mr. Lam Ka Po
Mr. Cheung Ka Ho
Mr. Zhou Pei Feng

Non-executive Director

Mr. Lo Ka Leong

Independent non-executive Directors

Mr. Ip Shu Kwan, Stephen
Mr. Zhang Lu Fu
Mr. Kung, Peter
Mr. Ho Kwok Ming