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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS	Six months ended 30 June		Change
	2024	2023	
	HK\$'million	HK\$'million	
Revenue	8,638.2	8,109.9	+7%
EBITDA	1,569.7	1,163.1	+35%
Profit before tax	957.5	567.3	+69%
Net profit attributable to owners of the Company	727.8	422.2	+72%
Basic earnings per share	HK23.3 cents	HK13.5 cents	+73%
Interim dividend per share	HK12.0 cents	HK6.0 cents	+100%
Net asset value per share	HK\$4.88	HK\$4.49	+9%
Net gearing	17%	18%	

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 2024 together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	8,638,244	8,109,913
Cost of sales		<u>(6,933,746)</u>	<u>(6,812,063)</u>
Gross profit		1,704,498	1,297,850
Other income, gains and losses	5	48,900	69,179
Distribution expenses		(223,750)	(204,650)
Administrative expenses		(364,176)	(406,161)
Loss on fair value changes of equity instruments at fair value through profit or loss		(53,424)	(69,042)
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		(742)	(270)
Finance costs	6	<u>(153,841)</u>	<u>(131,689)</u>
Profit before taxation		957,465	567,288
Income tax expense	8	<u>(228,129)</u>	<u>(144,713)</u>
Profit for the period		<u>729,336</u>	<u>422,575</u>
Profit for the period attributable to:			
Owners of the Company		727,797	422,244
Non-controlling interests		<u>1,539</u>	<u>331</u>
		<u>729,336</u>	<u>422,575</u>
Earnings per share	10		
– Basic		<u>HK\$0.233</u>	<u>HK\$0.135</u>
– Diluted		<u>HK\$0.233</u>	<u>HK\$0.135</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>729,336</u>	<u>422,575</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>(132,768)</u>	<u>(789,165)</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	742	270
Fair value loss on debt instruments at fair value through other comprehensive income	(3,115)	(34,415)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>–</u>	<u>(12,071)</u>
	<u>(2,373)</u>	<u>(46,216)</u>
Other comprehensive expenses for the period	<u>(135,141)</u>	<u>(835,381)</u>
Total comprehensive income (expenses) for the period	<u>594,195</u>	<u>(412,806)</u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	592,832	(412,405)
Non-controlling interests	<u>1,363</u>	<u>(401)</u>
	<u>594,195</u>	<u>(412,806)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		1,266,120	1,266,313
Property, plant and equipment	<i>11</i>	6,986,625	7,332,606
Right-of-use assets		575,223	589,061
Equity instruments at fair value through profit or loss		321,854	356,334
Debt instruments at fair value through other comprehensive income		91,361	96,452
Deposits paid for acquisition of property, plant and equipment		126,679	101,338
Deferred tax assets		3,832	3,607
Goodwill		238	238
		9,371,932	9,745,949
Current assets			
Inventories		2,707,920	2,734,446
Trade and other receivables and prepayments	<i>12</i>	4,077,349	3,765,005
Bills receivables	<i>12</i>	3,022,955	2,638,096
Properties held for development		109,573	110,816
Equity instruments at fair value through profit or loss		1,627,946	1,681,470
Amounts due from fellow subsidiaries		986,257	859,923
Cash and cash equivalents		2,761,388	2,027,179
		15,293,388	13,816,935

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables	<i>13</i>	2,187,808	2,257,166
Bills payables	<i>13</i>	376,618	477,593
Contract liabilities		247,701	347,123
Dividend payable		312,000	187,200
Lease liabilities		390	563
Amounts due to fellow subsidiaries		46,105	46,767
Taxation payable		581,111	519,813
Bank borrowings – amount due within one year		3,179,473	1,759,086
		<u>6,931,206</u>	<u>5,595,311</u>
Net current assets		<u>8,362,182</u>	<u>8,221,624</u>
Total assets less current liabilities		<u>17,734,114</u>	<u>17,967,573</u>
Non-current liabilities			
Lease liabilities		962	1,075
Deferred tax liabilities		321,874	298,953
Bank borrowings – amount due after one year		2,153,846	2,692,308
		<u>2,476,682</u>	<u>2,992,336</u>
Net assets		<u>15,257,432</u>	<u>14,975,237</u>
Capital and reserves			
Share capital		312,000	312,000
Reserves		14,920,067	14,639,235
Equity attributable to owners of the Company		15,232,067	14,951,235
Non-controlling interests		25,365	24,002
Total equity		<u>15,257,432</u>	<u>14,975,237</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 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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

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 Group’s annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the 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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates (<i>Note a</i>)	5,576,843	4,877,455
Sales of paper laminates (<i>Note a</i>)	719,422	660,149
Sales of upstream materials (<i>Note a</i>)	1,536,320	1,822,264
Sales of properties	2,791	109,275
Sales of specialty resin (<i>Note a</i>)	591,481	468,558
Others	101,179	86,295
Revenue recognised overtime (<i>Note b</i>)	25,439	27,008
	<hr/>	<hr/>
Revenue from contracts with customers	8,553,475	8,051,004
Rental income	30,224	27,880
Interest income from debt instruments	4,751	1,222
Dividend income	49,794	29,807
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	8,638,244	8,109,913
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Notes:

- (a) Sales of laminates, its upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper, and sales of specialty resin. The payment terms are ranged from 0 day to 120 days.
- (b) Income from hotel accommodation of HK\$25,439,000 (six months ended 30 June 2023: HK\$27,008,000).

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 represent the profit earned by or loss incurred from each segment with certain items not included (unallocated corporate income and expenses, 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 2024	Laminates <i>HK\$’000</i> (Unaudited)	Properties <i>HK\$’000</i> (Unaudited)	Investments <i>HK\$’000</i> (Unaudited)	Consolidated <i>HK\$’000</i> (Unaudited)
Segment revenue	8,525,245	58,454	54,545	8,638,244
Segment results	1,116,600	22,593	(788)	1,138,405
Unallocated corporate income				20,164
Unallocated corporate expenses				(47,263)
Finance costs				(153,841)
Profit before taxation				957,465
Six months ended 30 June 2023	Laminates <i>HK\$’000</i> (Unaudited)	Properties <i>HK\$’000</i> (Unaudited)	Investments <i>HK\$’000</i> (Unaudited)	Consolidated <i>HK\$’000</i> (Unaudited)
Segment revenue	7,914,721	164,163	31,029	8,109,913
Segment results	703,396	59,871	(31,556)	731,711
Unallocated corporate income				23,498
Unallocated corporate expenses				(56,232)
Finance costs				(131,689)
Profit before taxation				567,288

For the six months ended 30 June 2024, revenue from one of the Group’s customers, being Kingboard Holdings Limited’s subsidiaries, in laminates segment, amounted to HK\$1,765,743,000 (six months ended 30 June 2023: HK\$1,732,980,000), 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	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	13,966	17,635
Gain on disposal and write off of property, plant and equipment	2,666	7,462
Government grants	24,855	31,676
Others	7,413	12,406
	<u>48,900</u>	<u>69,179</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings	160,534	137,459
Interest on lease liabilities	37	38
Less: Amounts capitalised in the construction in progress	<u>(6,730)</u>	<u>(5,808)</u>
	<u>153,841</u>	<u>131,689</u>

7. DEPRECIATION

During the reporting period, depreciation of approximately HK\$450,060,000 (six months ended 30 June 2023: HK\$456,200,000) was charged in respect of the Group's property, plant and equipment.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
The amount comprises:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	176,617	91,887
The PRC Land Appreciation Tax ("LAT")	141	16,331
Hong Kong Profits Tax	9,211	1,385
Taxation arising in other jurisdiction	1,794	5,206
Withholding tax in the PRC	17,670	34,863
	205,433	149,672
Deferred taxation		
Charge (credit) for the period	22,696	(4,959)
	228,129	144,713

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 2025 (2023: 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.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

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

9. DIVIDENDS

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2024 of HK12.0 cents per share (six month ended 30 June 2023: interim dividend HK6.0 cents per share) to the shareholders whose names appear on the register of members of the Company on Wednesday, 18 December 2024. The dividend warrants will be dispatched on or around Tuesday, 7 January 2025.

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	727,797	422,244
	Number of shares	
	30 June 2024 '000	30 June 2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,120,000	3,120,000
Effect of dilutive potential ordinary shares arising from share options (<i>Note</i>)	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,120,000	3,120,000

Note:

The Company's share options can potentially dilute basic earnings per share in the future, but are not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group had addition of approximately HK\$195,371,000 (six months ended 30 June 2023: HK\$766,000,000) on property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	3,861,507	3,565,346
Less: Allowance for credit losses	(417,715)	(464,189)
	<hr/>	<hr/>
Trade receivables, net	3,443,792	3,101,157
Advance to suppliers	127,627	126,611
Prepaid expenses and deposits	67,650	75,704
Value-added tax (“VAT”) recoverable	257,033	297,851
Other receivables	181,247	163,682
	<hr/>	<hr/>
Bills receivables	4,077,349	3,765,005
	<hr/>	<hr/>
	3,022,955	2,638,096
	<hr/>	<hr/>
	7,100,304	6,403,101

As at 1 January 2023, the gross amount of trade receivables from contracts with customers amounted to HK\$3,715,273,000 with allowance for credit losses of HK\$574,985,000.

The Group allows credit periods of up to 120 days (31 December 2023: 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 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 90 days	2,955,763	2,615,687
91 – 180 days	451,978	452,670
Over 180 days	36,051	32,800
	<hr/>	<hr/>
	3,443,792	3,101,157

Bills receivables of the Group are aged within 90 days (31 December 2023: 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 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	786,377	792,963
Accrued expenses	413,849	468,353
Payables for acquisition of property, plant and equipment	139,674	164,893
Other tax payables	582,461	578,619
VAT payables	124,874	125,502
Other payables	140,573	126,836
	<hr/>	<hr/>
	2,187,808	2,257,166
Bills payables (<i>Note</i>)	376,618	477,593
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	2,564,426	2,734,759
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Note:

Included in bills payables as at 30 June 2024 was payables for acquisition of property, plant and equipment of HK\$65,242,000 (31 December 2023: HK\$78,944,000).

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

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 – 90 days	724,129	702,995
91 – 180 days	24,101	35,121
Over 180 days	38,147	54,847
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	786,377	792,963
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The average credit period on purchase of goods is 90 days (31 December 2023: 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 (31 December 2023: 90 days) at the end of the reporting period.

BUSINESS REVIEW

On behalf of the board of directors (the “Board”), I am delighted to present our shareholders with the results of Kingboard Laminates Holdings Limited and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Period”). During 2023, competition in the laminates market intensified as the electronics industry recorded relatively high inventory levels in its end-user and upstream-to-downstream segments, with the decline in electronics demand coinciding with an excess capacity in the laminates industry following an overall expansion of capacity over the previous two years. After bottoming out, the electronics industry entered a new growth cycle during the Period, driven by the rapid development of the artificial intelligence (AI) and automotive electronics sectors, which have fuelled demand growth. Furthermore, improved demand forecasts from downstream clients have prompted active stockpiling in various sectors. The Laminates Division posted growth in both revenue and profits against this background, and on the premise of the Group’s vertically integrated value chain and broad client base, as well as continued technical enhancements and stringent cost controls. As a result, the Group’s revenue increased by 7% to HK\$8,638.2 million compared to the same period last year, yielding a net profit attributable to owners of the Company of HK\$727.8 million, an increase of 72%. In view of the Group’s robust financial position, the Board has resolved to declare an interim dividend of HK12.0 cents per share.

Financial Highlights

	Six months ended 30 June		Change
	2024	2023	
	HK\$'million	HK\$'million	
Revenue	8,638.2	8,109.9	+7%
EBITDA	1,569.7	1,163.1	+35%
Profit before tax	957.5	567.3	+69%
Net profit attributable to owners of the Company	727.8	422.2	+72%
Basic earnings per share	HK23.3 cents	HK13.5 cents	+73%
Interim dividend per share	HK12.0 cents	HK6.0 cents	+100%
Net asset value per share	HK\$4.88	HK\$4.49	+9%
Net gearing	17%	18%	

PERFORMANCE

Laminates Division: During the Period, there was a notable growth in demand from the traditional consumer electronics market, particularly for air conditioners and photovoltaic panels. The demand for laminates was also helped by the rapid development of the AI industry and the increased integration of electronic and smart applications in the automotive sector. Monthly shipments during the Period amounted to 8.6 million sheets, an increase of 16% compared with the same period last year. The Laminates Division proactively expanded into new market areas, made considerable progress in enhancing its product portfolio, and further augmented the sales volume of high-end and high-value-added products. Segment revenue thus increased by 8% to HK\$8,525.2 million. Despite a significant increase in copper prices during the Period, the segment successfully raised product prices to more than offset the cost pressure, thereby achieving an improvement in gross profit margin. In addition, the Group's seasoned management team made continuous efforts to enhance production efficiency and reduce energy consumption through technical enhancements, as well as to reduce labour costs through increased automation. As a result, earnings before interest, taxes, depreciation and amortisation ("EBITDA") increased by 35% to HK\$1,568.0 million.

Property Division: While the Group continued to focus on the development of its laminates business, the Property Division concentrated on producing rental income during the Period. Segment revenue contracted by 64% to HK\$58.4 million, with EBITDA also declining by 56% to HK\$29.6 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2024, Group's net current assets and current ratio (current assets divided by current liabilities) were approximately HK\$8,362.2 million (31 December 2023: HK\$8,221.6 million) and 2.21 (31 December 2023: 2.47) respectively.

The net working capital cycle increased from 125 days as at 31 December 2023 to 134 days as at 30 June 2024 on the following key metrics:

- Inventories, in terms of stock turnover days, were 71 days (31 December 2023: 71 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 93 days (31 December 2023: 86 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 30 days (31 December 2023: 32 days).

As at 30 June 2024, net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 17% (31 December 2023: 16%). The ratio of short-term to long-term bank borrowings stood at 60%:40% (31 December 2023: 40%:60%). During the Period, the Group invested approximately HK\$200 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.

HUMAN RESOURCES

As at 30 June 2024, the Group employed a workforce of approximately 9,900 (31 December 2023: 10,000). In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance.

PROSPECTS

A succession of favourable policies aimed at boosting demand for electronic products, such as promoting the replacement of consumer goods like vehicles and home appliances, have been introduced by the central government. In addition, increased electronic and smart applications in automobiles, the rapid development of the AI industry, and the continuous upgrading of high-speed networks have all contributed to stimulating demand and have become the main growth drivers for laminates. Benefiting from the advantages of vertical integration and economies of scale, the Group's product pricing has become extremely competitive, and its gross profit margin is among the highest in the industry, making it much more resilient. As copper prices rise in 2024, downstream demand is gradually picking up, a scenario which is expected to drive the Group's revenue and profits onto a growth track. The Group also establishes a laminates R&D centre fitted out with state-of-the-art equipment. The Group has successfully developed a variety of high-frequency and high-speed products that can be applied to GPU mainboard of AI servers. These efforts are all aimed at promoting new-quality productivity and achieving high-quality sustainable development, and enabling the Group to comprehensively meet the product demands of downstream clients. Moving forward, the Group will continue to work with premium customers towards the certification of high-end products. In terms of capacity growth, the Group has plans to expand its monthly laminates capacities in Thailand by 400,000 sheets in the second half to address the overseas business development needs of both external clients and the PCBs business under Kingboard Holdings Limited. **Aligned with the national objectives of achieving energy savings and reduction in carbon emissions, the Group is adopting a professional and systematic approach in establishing distributed solar photovoltaics in all buildable area within its facilities. Following a cumulative investment of HK\$420 million up to 30 June 2024, the Group successfully**

generated a total of 37 million kWh of green electricity during the first half of 2024, resulting in energy savings equivalent to 10,000 tonnes of standard coal or a reduction in carbon dioxide emissions of 22,000 tonnes. This initiative translates to electricity bill savings of HK\$33.3 million based on the market tariff. Coupled with cumulative expenses savings of HK\$90 million as at 31 December 2023, cumulative expenses savings of more than HK\$123 million had been achieved by 30 June 2024. At the same time, investments will aggregate to approximately HK\$600 million by 31 December 2024, with an anticipated annual production of 130 million kWh of green electricity, equivalent to annual energy savings of 36,000 tonnes of standard coal or a reduction in carbon dioxide emissions of 78,000 tonnes from the coming year onwards. Based on the market tariff, this translates to electricity bill savings of HK\$117 million annually. In addition, up to 30 June 2024, the Group's investments in thermal energy recovery equipment totalled HK\$80 million. These investments resulted in a reduction in carbon dioxide emissions of 18,500 tonnes during the first half of 2024, which is equivalent to energy savings of 7,500 tonnes of standard coal and expenses savings totalling HK\$40 million. Coupled with cumulative expenses savings of HK\$230 million as at 31 December 2023, cumulative expenses savings of more than HK\$270 million had been achieved by 30 June 2024. These savings will bring long-term benefits to the Group. The above initiatives demonstrate the Group's commitment to achieving its environmental, social and governance (ESG) goals. In conclusion, we are confident in the Group's future development. The Group's laminates products have already garnered a stronger customer base through their consistent quality and reliable delivery. As always, the Group's management will continue to exert its best efforts to maximise returns for shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our 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 Tuesday, 17 December 2024 to Wednesday, 18 December 2024 (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 Monday, 16 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles of corporate governance and complied with the code provisions as set out in the Corporate Governance Code under Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 30 June 2024.

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 C3 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 period ended 30 June 2024.

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 2024.

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 2024.

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

Hong Kong, 26 August 2024

As at the date of this announcement, the board of directors of consists of Mr. Cheung Kwok Wa, Mr. Cheung Kwok Keung, Mr. Cheung Kwok Ping, Mr. Lam Ka Po, Mr. Cheung Ka Ho, Ms. Cheung, Emily Chun Ming and Mr. Zhou Pei Feng, being the executive directors, Mr. Lo Ka Leong, being the non-executive director, and Messrs. Ip Shu Kwan, Stephen, Zhang Lu Fu, Kung, Peter and Ho Kwok Ming, being the independent non-executive directors.