

# KB

# 建滔積層板控股有限公司

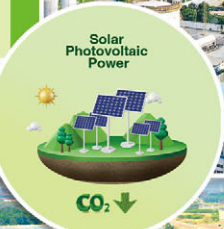
## KINGBOARD LAMINATES HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1888

### INTERIM REPORT 2024

# LEADING THE FUTURE



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

### Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	8,638,244	8,109,913
Cost of sales		(6,933,746)	(6,812,063)
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	(153,841)	(131,689)
Profit before taxation		957,465	567,288
Income tax expense	8	(228,129)	(144,713)
Profit for the period		729,336	422,575
Profit for the period attributable to:			
Owners of the Company		727,797	422,244
Non-controlling interests		1,539	331
		729,336	422,575
Earnings per share	10		
– Basic		HK\$0.233	HK\$0.135
– Diluted		HK\$0.233	HK\$0.135

## 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>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
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	<u>(3,115)</u>	<u>(34,415)</u>
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><u>594,195</u></u>	<u><u>(412,806)</u></u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	<u>592,832</u>	<u>(412,405)</u>
Non-controlling interests	<u>1,363</u>	<u>(401)</u>
	<u><u>594,195</u></u>	<u><u>(412,806)</u></u>

## Condensed Consolidated Statement of Financial Position

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

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
Current liabilities			
Trade and other payables	13	<b>2,187,808</b>	2,257,166
Bills payables	13	<b>376,618</b>	477,593
Contract liabilities		<b>247,701</b>	347,123
Dividend payable		<b>312,000</b>	187,200
Lease liabilities		<b>390</b>	563
Amounts due to fellow subsidiaries		<b>46,105</b>	46,767
Taxation payable		<b>581,111</b>	519,813
Bank borrowings – amount due within one year		<b>3,179,473</b>	1,759,086
		<b><u>6,931,206</u></b>	<u>5,595,311</u>
Net current assets		<b><u>8,362,182</u></b>	<u>8,221,624</u>
Total assets less current liabilities		<b><u>17,734,114</u></b>	<u>17,967,573</u>
Non-current liabilities			
Lease liabilities		<b>962</b>	1,075
Deferred tax liabilities		<b>321,874</b>	298,953
Bank borrowings – amount due after one year		<b>2,153,846</b>	2,692,308
		<b><u>2,476,682</u></b>	<u>2,992,336</u>
Net assets		<b><u>15,257,432</u></b>	<u>14,975,237</u>
Capital and reserves			
Share capital		<b>312,000</b>	312,000
Reserves		<b>14,920,067</b>	14,639,235
Equity attributable to owners of the Company		<b>15,232,067</b>	14,951,235
Non-controlling interests		<b>25,365</b>	24,002
Total equity		<b><u>15,257,432</u></b>	<u>14,975,237</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	HKS'000
Balance at 1 January 2024	312,000	2,131,768	(654,077)	7,268	(74,582)	96,750	757,689	2,382,726	256,911	9,634,782	14,951,235	24,002	14,975,237	
Profit for the period	-	-	-	-	-	-	-	-	-	727,797	727,797	1,539	729,336	
Exchange differences arising from translation of presentation currency	-	-	(132,582)	-	-	-	-	-	-	-	(132,582)	(176)	(132,758)	
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	742	-	-	-	-	-	742	-	742	
Fair value loss on debt instruments at fair value through other comprehensive income	-	-	-	-	(3,115)	-	-	-	-	-	(3,115)	-	(3,115)	
Total comprehensive (expense) income for the period	-	-	(132,582)	-	(2,373)	-	-	-	-	727,797	592,832	1,363	594,195	
Final dividend payable for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	(312,000)	(312,000)	-	(312,000)	
Transfer to the reserve	-	-	-	-	-	-	-	56,959	-	(56,959)	-	-	-	
	-	-	-	-	-	-	-	56,959	-	(868,959)	(312,000)	-	(312,000)	
Balance at 30 June 2024	312,000	2,131,768	(866,669)	7,268	(76,955)	96,750	757,689	2,439,685	256,911	9,893,620	15,232,067	25,365	15,257,432	

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Transition reserve HK\$'000	Properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Share-based payments reserve HK\$'000	Special reserve HK\$'000	Statutory reserve HK\$'000 (note a)	Goodwill reserve HK\$'000 (note b)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2023	312,000	2,131,768	(967,910)	7,268	(18,140)	48,000	757,689	2,091,320	256,911	9,829,986	15,048,682	23,099	15,071,981
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)
Reducibility 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	-	-	-	-	-	-	-	-	-	(824,000)	(824,000)	-	(824,000)
Transfer to the reserve	-	-	-	-	-	-	-	200,839	-	(200,839)	-	-	-
	-	-	-	-	-	-	-	200,839	-	(824,839)	(824,000)	-	(824,000)
Balance at 30 June 2023	312,000	2,131,768	(1,156,343)	7,268	(64,366)	48,000	757,689	2,292,159	256,911	9,427,391	14,012,487	22,698	14,035,185

**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	
	2024 <i>HK\$'000</i> <i>(Unaudited)</i>	2023 <i>HK\$'000</i> <i>(Unaudited)</i>
Net cash from (used in) operating activities	302,740	(497,393)
Net cash used in investing activities	(159,209)	(267,007)
Net cash from financing activities	590,678	699,473
Net increase (decrease) in cash and cash equivalents	734,209	(64,927)
Cash and cash equivalents at the beginning of the period	2,027,179	3,289,953
Cash and cash equivalents at the end of the period	2,761,388	3,225,026



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 (Note a)	5,576,843	4,877,455
Sales of paper laminates (Note a)	719,422	660,149
Sales of upstream materials (Note a)	1,536,320	1,822,264
Sales of properties	2,791	109,275
Sales of specialty resin (Note a)	591,481	468,558
Others	101,179	86,295
Revenue recognised overtime (Note b)	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
	<hr/>	<hr/>
	<b>8,638,244</b>	<b>8,109,913</b>

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 represents 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.

#### 4. Segment information – continued

##### 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 HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	<u>8,525,245</u>	<u>58,454</u>	<u>54,545</u>	<u>8,638,244</u>
Segment results	<u>1,116,600</u>	<u>22,593</u>	<u>(788)</u>	<u>1,138,405</u>
Unallocated corporate income				20,164
Unallocated corporate expenses				(47,263)
Finance costs				<u>(153,841)</u>
Profit before taxation				<u>957,465</u>
<b>Six months ended 30 June 2023</b>	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>	<u>731,711</u>
Unallocated corporate income				23,498
Unallocated corporate expenses				(56,232)
Finance costs				<u>(131,689)</u>
Profit before taxation				<u>567,288</u>

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 HK\$'000 (Unaudited)	2023 HK\$'000 (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 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	160,534	137,459
Interest on lease liabilities	37	38
Less: Amounts capitalised in the construction in progress	(6,730)	(5,808)
	<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 HK\$'000 (Unaudited)	2023 HK\$'000 (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
	<u>205,433</u>	<u>149,672</u>
Deferred taxation		
Charge (credit) for the period	22,696	(4,959)
	<u>228,129</u>	<u>144,713</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 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. Interim 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	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	<u>727,797</u>	<u>422,244</u>
	Number of shares	
	30 June 2024	30 June 2023
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>3,120,000</b>	3,120,000
Effect of dilutive potential ordinary shares arising from share options (Note)	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>3,120,000</b></u>	<u>3,120,000</u>

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**

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

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:

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
0 – 90 days	<b>2,955,763</b>	2,615,687
91 – 180 days	<b>451,978</b>	452,670
Over 180 days	<b>36,051</b>	32,800
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	<b>3,443,792</b>	3,101,157
	<hr/> <hr/>	<hr/> <hr/>

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**

	<b>30 June 2024</b>	31 December 2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<i>(Audited)</i>
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/>
	<b>2,187,808</b>	2,257,166
Bills payables (Note)	376,618	477,593
	<hr/>	<hr/>
	<b>2,564,426</b>	2,734,759
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

Included in bills payables as at 30 June 2024 were 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:

	<b>30 June 2024</b>	31 December 2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<i>(Audited)</i>
0 – 90 days	724,129	702,995
91 – 180 days	24,101	35,121
Over 180 days	38,147	54,847
	<hr/>	<hr/>
	<b>786,377</b>	792,963
	<hr/> <hr/>	<hr/> <hr/>

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.



#### 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 eligible participants who contribute to the long-term growth and profitability of the Company and include (i) any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to 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 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 28 July 2023.

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. 312,100,000 shares of the Company, representing 10.0% of the total issued share capital of the Company as at the date these condensed consolidated financial statements are authorised for issued).

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.

#### 14. Share options – continued

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

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
<b>Directors</b>								
Mr. Cheung Kwok Wa	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Cheung Kwok Keung	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Cheung Kwok Ping	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Lam Ka Po	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Cheung Ka Ho	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Zhou Pei Feng	23 June 2022	1,000,000	-	-	-	1,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	1,000,000	-	-	-	1,000,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>
Mr. Ip Shu Kwan, Stephen	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note)</sup>

## 14. Share options – continued

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
<b>Directors</b>								
Mr. Zhang Lu Fu	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note i)</sup>
Mr. Kung, Peter	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note i)</sup>
Mr. Ho Kwok Ming	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note i)</sup>
<b>Subtotal</b>		<u>58,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,000,000</u>		
<b>Employees of the Company</b>	23 June 2022	7,900,000	-	-	-	7,900,000	HK\$9.728	23 June 2022 to 22 June 2032 <sup>(Note ii)</sup>
	28 July 2023	6,900,000	-	-	-	6,900,000	HK\$7.800	28 July 2023 to 27 July 2033 <sup>(Note ii)</sup>
<b>Subtotal</b>		<u>14,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,800,000</u>		
<b>Total</b>		<u>72,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,800,000</u>		
Exercisable at								
1 January 2024		72,800,000						
30 June 2024		<u>72,800,000</u>						

#### 14. Share options – continued

Notes:

- (i) During the year ended 31 December 2023, 35,900,000 options were granted by the Company on 28 July 2023 under the Scheme, of which 29,000,000 options were granted to the Directors and 6,900,000 were granted to employees of the Company. As at 31 December 2023 and 30 June 2024, 72,800,000 options remained outstanding under the Scheme. The closing price of the Company's shares on 27 July 2023 (namely the date immediately before the aforesaid grant date) is HK\$7.69. The estimated fair value of the aforesaid options was HK\$48,750,000, of which HK\$39,378,000 was attributable to the options granted to the Directors while HK\$9,372,000 was attributable to the options granted to employees of the Company. The fair value of each of the abovementioned options was identical, namely HK\$1.3579. All share options were vested on the date of grant and there was no vesting period and performance targets attached to the options granted.
- (ii) Including the spouse of Mr. Ho Yin Sang, a Director of KHL, in respect of 5,900,000 options. Ms. Cheung Wai Kam also is an associate of Director by virtue of her relationship with several executive Directors of the Company. She is the sister of Mr. Cheung Kwok Wa, Mr. Cheung Kwok Keung and Mr. Cheung Kwok Ping. She is also an employee of the Company.
- (iii) Including the spouse of Mr. Ho Yin Sang, a Director of KHL, in respect of 4,900,000 options. Ms. Cheung Wai Kam also is an associate of Director by virtue of her relationship with several executive Directors of the Company. She is the sister of Mr. Cheung Kwok Wa, Mr. Cheung Kwok Keung and Mr. Cheung Kwok Ping. She is also an employee of the Company.

As at 30 June 2024, there was no participant with share options granted in excess of the individual limit.

During the period, no option was granted, lapsed, cancelled or exercised under the Scheme.

The number of options available for grant under the Scheme is 196,300,000 as at 1 January 2024 and 30 June 2024.

#### 15. Capital and other commitments

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements for:		
– acquisition of property, plant and equipment	<u>79,342</u>	<u>33,867</u>

## 16. Contingent liabilities

The Group provided guarantees amounting to approximately HK\$10.1 million as at 30 June 2024 (31 December 2023: approximately HK\$12.4 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 2024 and 31 December 2023.

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	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(i) Sales of goods to fellow subsidiaries	<u>1,765,743</u>	<u>1,732,980</u>
(ii) Purchases of goods from fellow subsidiaries	<u>382,721</u>	<u>253,326</u>
(iii) Sales of laminates and copper to a shareholder with significant influence over the ultimate holding company	<u>216,091</u>	<u>278,870</u>
(iv) Purchases of machineries from a shareholder with significant influence over the ultimate holding company	<u>58,690</u>	<u>33,831</u>

## 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		
	2024	2023	Change
	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.

## INVESTMENTS

As at 30 June 2024, the Group had in aggregate approximately HK\$2,041,161,000 (31 December 2023: HK\$2,134,256,000) investments in securities instruments, representing approximately 8% (31 December 2023: approximately 9%) of the total asset of the Group as at 30 June 2024, 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 2024. 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 2024 HK\$'000	Percentage to the Group's total assets as of 30 June 2024	Accumulated fair value loss to 30 June 2024* HK\$'000
Bonds with fixed coupon rate of 6.5% cash/7.5% payment-in-kind ("PIK") per annum and maturity date in July 2025 ("GRFP Group A Notes") listed on Singapore Exchange Securities Trading Limited ("SGX") by GRFP	3,437	17,459	681	0.003%	(16,778)
Bonds with fixed coupon rate of 6.5% cash/7.5% PIK per annum and maturity date in July 2027 ("GRFP Group B Notes") listed on SGX by GRFP	38,377	252,246	8,845	0.036%	(243,401)
		<u>269,705</u>	<u>9,526</u>	<u>0.039%</u>	<u>(260,179)</u>

\* Including the impairment loss recognised in profit or loss with gross amount of HK\$742,000 (six months ended 30 June 2023: HK\$270,000) during the reporting period, and the accumulated impairment loss recognised in profit or loss with gross amount of HK\$187,513,000.



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 and the announcement of GRFP dated on 12 August 2024, 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\$742,000 in profit or loss for the reporting period and the accumulated ECL of HK\$187,513,000 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% cash/7.5% PIK senior notes due 2025”) were issued by GRFP in July 2022, and due in July 2025. The GRFP 6.5% cash/7.5% PIK senior notes due 2025 are listed on the SGX and carry an interest of 6.5% cash/7.5% PIK per annum and interests are payable semi-annually. The net proceeds from the GRFP 6.5% cash/7.5% PIK 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% cash/7.5% PIK senior notes due 2027”) were issued by GRFP in July 2022, and due in July 2027. The GRFP 6.5% cash/7.5% PIK 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% cash/7.5% PIK senior notes due 2027 were mainly for refinancing debt and for general corporate purposes of GRFP and offshore refinancing. According to the 2024 interim report of GRFP, the net debt to total equity ratio of GRFP decreased to 246% at 30 June 2024 from 262% at 31 December 2023.

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 interim report and do not constitute any publication issued by, or any opinion, advice or view of, the Company or any of the Directors.

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\$91,361,000 as at 30 June 2024 and the corresponding total investment cost was HK\$347,705,000. During the period, interest income from bond investments amounted to HK\$4,751,000 representing an increase of approximately 289% compared to HK\$1,222,000 with the corresponding period in 2023.

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 2024. During the Period, the dividend income from equity instrument at fair value through profit or loss is HK\$49,794,000, and the amount of loss on fair value changes of equity instruments at fair value through profit or loss is HK\$53,424,000. 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 2024.

## 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 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.

## DEBT MATURITY PROFILE

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

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
Within one year	<b>3,179,473</b>	1,759,086
Within a period of more than one year but not more than two years	<b>1,076,923</b>	1,076,923
Within a period of more than two years but not more than five years	<b>1,076,923</b>	1,615,385
	<b><u>5,333,319</u></b>	<b><u>4,451,394</u></b>
<i>Reclassification due to repayment on demand clause</i>		
Current	<b>3,179,473</b>	1,759,086
Non-current	<b>2,153,846</b>	2,692,308
	<b><u>5,333,319</u></b>	<b><u>4,451,394</u></b>

The Group's variable-rate bank borrowings as at 30 June 2024 carry interest ranging from HIBOR +0.976% (31 December 2023: HIBOR +0.976%) per annum and Loan Prime Rate ("LPR") -0.95% to LPR -0.80% (31 December 2023: Nil) per annum.

The effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings as at 30 June 2024 is 4.45% (31 December 2023: 5.59%) per annum.

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

	<b>30 June 2024 HK\$'000 (Unaudited)</b>	31 December 2023 HK\$'000 (Audited)
HK\$	<b>3,230,769</b>	3,500,000
RMB	<b>2,102,550</b>	815,731
Japanese Yen ("JPY")	<b>–</b>	135,663
	<b><u>–</u></b>	<b><u>–</u></b>

## CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK\$10.1 million in aggregate as at 30 June 2024 (31 December 2023: approximately HK\$12.4 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 2024, the Group employed a workforce of approximately 9,900 (31 December 2023: 10,000). 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

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 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 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.

## DIRECTORS' INTERESTS IN SHARES

As at 30 June 2024, 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 <sup>1</sup>	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
Ms. Cheung, Emily Chun Ming	Beneficial owner	5	0.000
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:

<sup>1</sup> 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	12,000,000	0.385
Mr. Cheung Kwok Keung	Beneficial owner	12,000,000	0.385
Mr. Cheung Kwok Ping	Beneficial owner	12,000,000	0.385
Mr. Lam Ka Po	Beneficial owner	12,000,000	0.385
Mr. Cheung Ka Ho	Beneficial owner	4,000,000	0.128
Mr. Zhou Pei Feng	Beneficial owner	2,000,000	0.064
Mr. Ho Kwok Ming	Beneficial owner	1,000,000	0.032
Mr. Ip Shu Kwan, Stephen	Beneficial owner	1,000,000	0.032
Mr. Zhang Lu Fu	Beneficial owner	1,000,000	0.032
Mr. Kung, Peter	Beneficial owner	1,000,000	0.032

**(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 <sup>1</sup>	Beneficial owner/Interest of spouse	17,123,820	1.545
Mr. Cheung Kwok Keung	Beneficial owner	2,610,222	0.236
Mr. Cheung Kwok Ping <sup>2</sup>	Beneficial owner/Interest of spouse	7,236,383	0.653
Mr. Lam Ka Po	Beneficial owner	2,500,000	0.226
Mr. Cheung Ka Ho	Beneficial owner	484,000	0.044
Ms. Cheung, Emily Chun Ming	Beneficial owner	6,530	0.001
Mr. Lo Ka Leong	Interest of spouse	50,000	0.005

*Notes:*

<sup>1</sup> 74,400 KHL's shares were held by his spouse.

<sup>2</sup> 36,000 KHL's shares were held by his spouse.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, 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 2024, (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 42.69% by Hallgain as at 30 June 2024.
- 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 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.

## **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.

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

Hong Kong, 26 August 2024

## 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

Ms. Cheung, Emily Chun Ming (appointed on 27 May 2024)

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