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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
	2020 <i>HK\$'million</i>	2019 <i>HK\$'million</i>	
Revenue	6,807.6	7,631.2	-11%
EBITDA	1,360.5	1,683.1	-19%
Profit before tax	1,041.7	1,334.7	-22%
Net profit attributable to owners of the Company	732.8	1,082.1	-32%
Earnings per share	HK\$0.238	HK\$0.351	-32%
Interim dividend per share	HK\$0.10	HK\$0.10	–
Special interim dividend per share	HK\$1.90	–	N/A
Net asset value per share	HK\$5.54	HK\$5.86	-5%
	Net Cash 1,540.8	Net gearing 14%	

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 2020 together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	6,807,615	7,631,220
Cost of sales		<u>(5,176,509)</u>	<u>(5,782,403)</u>
Gross profit		1,631,106	1,848,817
Other income, gains and losses	5	10,827	7,854
Distribution costs		(170,797)	(168,811)
Administrative costs		(332,457)	(309,003)
(Loss) Gain on fair value changes of equity instruments at fair value through profit or loss		(129,155)	22,410
Gain on disposal of debt instruments at fair value through other comprehensive income		71,711	2,699
Finance costs	6	<u>(39,486)</u>	<u>(69,289)</u>
Profit before taxation		1,041,749	1,334,677
Income tax expense	8	<u>(307,649)</u>	<u>(248,202)</u>
Profit for the period		<u>734,100</u>	<u>1,086,475</u>
Profit for the period attributable to:			
Owners of the Company		732,814	1,082,085
Non-controlling interests		<u>1,286</u>	<u>4,390</u>
		<u>734,100</u>	<u>1,086,475</u>
Earnings per share – Basic and diluted	10	<u>HK0.238</u>	<u>HK\$0.351</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>734,100</u>	<u>1,086,475</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>(112,239)</u>	<u>(242)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value (loss) gain on debt instruments at fair value through other comprehensive income	(39,095)	510,354
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>(71,711)</u>	<u>(2,699)</u>
	<u>(110,806)</u>	<u>507,655</u>
Other comprehensive (expenses) income for the period (net of tax)	<u>(223,045)</u>	<u>507,413</u>
Total comprehensive income for the period	<u>511,055</u>	<u>1,593,888</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	510,891	1,588,775
Non-controlling interests	<u>164</u>	<u>5,113</u>
	<u>511,055</u>	<u>1,593,888</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		1,397,968	1,402,295
Properties, plant and equipment	<i>11</i>	4,885,826	4,779,863
Right-of-use assets		507,082	573,011
Equity instruments at fair value through profit or loss		96,270	376,092
Equity instruments at fair value through other comprehensive income		6,918	6,918
Debt instruments at fair value through other comprehensive income		554,545	3,559,196
Deposits paid for acquisition of properties, plant and equipment		322,405	398,195
Deferred tax assets		3,884	3,076
Goodwill		238	238
		7,775,136	11,098,884
Current assets			
Inventories		2,056,897	1,818,691
Trade and other receivables and prepayments	<i>12</i>	3,691,543	4,236,656
Bills receivables	<i>12</i>	2,581,332	2,844,205
Properties held for development		1,736,698	1,666,994
Equity instruments at fair value through profit or loss		194,895	5,442
Debt instruments at fair value through other comprehensive income		770,949	791,630
Amounts due from fellow subsidiaries		402,285	424,684
Taxation recoverable		7,836	7,868
Bank balances and cash		3,307,938	2,908,117
		14,750,373	14,704,287

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables	<i>13</i>	2,513,625	2,920,282
Bills payables	<i>13</i>	228,988	272,604
Contract liabilities		222,463	189,050
Lease liabilities		278	549
Amounts due to fellow subsidiaries		37,110	47,203
Taxation payable		575,937	597,150
Bank borrowings – amount due within one year		1,074,789	1,291,418
		<u>4,653,190</u>	<u>5,318,256</u>
Net current assets		<u>10,097,183</u>	<u>9,386,031</u>
Total assets less current liabilities		<u>17,872,319</u>	<u>20,484,915</u>
Non-current liabilities			
Lease liabilities		882	901
Deferred tax liabilities		76,855	81,089
Bank borrowings – amount due after one year		692,308	1,653,846
		<u>770,045</u>	<u>1,735,836</u>
		<u>17,102,274</u>	<u>18,749,079</u>
Capital and reserves			
Share capital		308,100	308,100
Reserves		16,747,515	18,393,322
Equity attributable to owners of the Company		<u>17,055,615</u>	<u>18,701,422</u>
Non-controlling interests		46,659	47,657
Total equity		<u>17,102,274</u>	<u>18,749,079</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 certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

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, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

3. REVENUE

Analysis of revenue for the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	4,312,253	4,317,259
Sales of paper laminates	888,337	981,863
Sales of upstream materials (<i>note a</i>)	935,539	947,627
Sales of properties	84,383	341,270
Others (<i>note b</i>)	466,169	633,941
Revenue recognised overtime (<i>note c</i>)	16,660	71,357
Revenue from contracts with customers	6,703,341	7,293,317
Interest income from debt instruments	70,917	235,159
Dividend income	742	9,563
Rental and license fee income	32,615	93,181
	<u>6,807,615</u>	<u>7,631,220</u>

Notes:

- (a) Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. The payment terms are ranged from 0 days to 120 days.
- (b) Others mainly includes sales of specialty resin of HK\$254,107,000 (six months ended 30 June 2019: HK\$390,582,000).
- (c) Revenue recognised overtime mainly represents income from drilling services of Nil (six months ended 30 June 2019: HK\$39,874,000) and income from hotel accommodation of HK\$16,650,000 (six months ended 30 June 2019: HK\$31,483,000).

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 the executive directors of the Company, who are 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 management aggregated the sales of properties, rental and hotel income business into one reportable segment because the financial performance of these businesses are affected by changes in the property market.

The accounting policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS consolidated financial statements. Segment profit or loss represents the profit earned by 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 2020	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	<u>6,602,298</u>	<u>133,658</u>	<u>71,659</u>	<u>6,807,615</u>
Segment results	<u>1,064,225</u>	<u>57,506</u>	<u>(10,332)</u>	1,111,399
Unallocated corporate income				12,542
Unallocated corporate expenses				(42,706)
Finance costs				<u>(39,486)</u>
Profit before taxation				<u>1,041,749</u>
Six months ended 30 June 2019	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	<u>6,980,563</u>	<u>405,935</u>	<u>244,722</u>	<u>7,631,220</u>
Segment results	<u>981,061</u>	<u>186,849</u>	<u>244,179</u>	1,412,089
Unallocated corporate income				18,685
Unallocated corporate expenses				(26,808)
Finance costs				<u>(69,289)</u>
Profit before taxation				<u>1,334,677</u>

For the six months ended 30 June 2020, revenue from one of the Group’s customers amounted to HK\$1,070,153,000 (six months ended 30 June 2019: HK\$1,025,573,000), 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	12,356	18,944
Gain (Loss) on disposal and write off of properties, plant and equipment	181	(8,527)
Others	(1,710)	(2,563)
	<u>10,827</u>	<u>7,854</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank borrowings	45,515	76,019
Interest on lease liabilities	30	30
Imputed interest on contract liabilities	317	2,137
Less: Amounts capitalised in the construction in progress	(6,059)	(6,760)
Less: Amounts capitalised in the properties held for development	(317)	(2,137)
	<u>39,486</u>	<u>69,289</u>

Bank and other borrowing costs capitalised during the period includes imputed interest on contract liabilities of HK\$317,000 (six months ended 30 June 2019: HK\$2,137,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 2.2% (six months ended 30 June 2019: 2.7%) per annum to expenditure on qualifying assets.

7. DEPRECIATION

During the period, depreciation of approximately HK\$272.2 million (six months ended 30 June 2019: HK\$273.7 million) was charged in respect of the Group's properties, plant and equipment.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
The amount comprises:		
PRC Enterprise Income Tax	304,523	204,380
PRC Land Appreciation Tax ("LAT")	2,041	38,767
Hong Kong Profits Tax	4,832	7,528
Taxation arising in other jurisdiction	1,295	1,070
	<hr/>	<hr/>
	312,691	251,745
Deferred taxation		
Credit for the period	(5,042)	(3,543)
	<hr/>	<hr/>
	307,649	248,202
	<hr/>	<hr/>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

9. DIVIDENDS

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2020 of HK\$0.10 per share (2019: interim dividend of HK\$0.10 per share) and a special interim dividend of HK\$1.90 per share (2019: nil) to the shareholders whose names appear on the register of members of the Company on Friday, 4 December 2020. The dividend warrants will be dispatched on or around Friday, 8 January 2021.

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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	732,814	1,082,085
	Number of shares	
	30 June 2020 '000	30 June 2019 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	3,081,000	3,081,000

For the six months ended 30 June 2020, the computation of diluted earnings per share did not assume the exercise of the Company's share options because the exercise price of these share options was higher than the average market price. No diluted earnings per share for the six months ended 30 June 2019 was presented as there were no potential ordinary shares in issue for the period.

11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

During the reporting period, the Group spent approximately HK\$494.3 million (six months ended 30 June 2019: HK\$312.2 million) on acquisition of properties, plant and equipment.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Trade receivables	3,600,767	4,222,258
Less: Allowance for credit losses	(601,396)	(603,257)
Trade receivables, net	2,999,371	3,619,001
Advance to suppliers	223,173	203,997
Prepaid expenses and deposits	129,138	112,547
Value-added tax ("VAT") recoverable	220,896	208,155
Other receivables	118,965	92,956
	3,691,543	4,236,656
Bills receivables	2,581,332	2,844,205
	6,272,875	7,080,861

The Group allows credit periods of up to 120 days (31 December 2019: 120 days), depending on the products sold to its trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	2,147,038	2,664,212
91–180 days	806,177	912,064
Over 180 days	46,156	42,725
	<u>2,999,371</u>	<u>3,619,001</u>

Bills receivables of the Group are aged within 90 days (31 December 2019: 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 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	928,068	1,231,111
Accrued expenses	472,139	510,884
Payables for acquisition of properties, plant and Equipment	170,995	142,351
Other tax payables	522,723	528,770
VAT payables	125,427	174,312
LAT payables	179,390	182,863
Other payables	114,883	149,991
	<u>2,513,625</u>	<u>2,920,282</u>
Bills payables	228,988	272,604
	<u>2,742,613</u>	<u>3,192,886</u>

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

	30 June 2020	31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	844,335	1,172,366
91–180 days	46,391	20,682
Over 180 days	37,342	38,063
	<u>928,068</u>	<u>1,231,111</u>

Bills payables of the Group are aged within 90 days (31 December 2019: 90 days) at the end of the reporting period.

BUSINESS REVIEW

On behalf of the board (“Board”) of directors (“Directors”) of Kingboard Laminates Holdings Limited, I am delighted to report a healthy development for the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020 (the ‘Period’). According to the latest research report of Prismark Partners LLC, the Group is ranked as the world’s top laminates producer for the fifteenth consecutive year, with a global market share of 16% in the year of 2019. During the Period, the laminates segment achieved satisfactory results despite a considerable number of unfavourable factors. Owing to the COVID-19 pandemic, the mainland electronics industry entered a temporary period of demand vacuum following a suspension of production activities. Overseas sales channels also contracted on the spread of the disease. However, the Group drove work and production resumption in an orderly manner amid the pandemic, seizing the opportunities of domestic demand growth for computers and 5G-related electronic products, which helped minimise the adverse impacts brought about by the pandemic. As the Group continued to focus on the development of its laminates business, the property segment was engaged primarily in selling the remaining units in hand during the Period, leading to a drop in its segment revenue. During the Period, fair value changes of equity instruments at fair value through profit or loss incurred a loss owing to the fluctuations of the securities market amidst the COVID-19 pandemic and the consequent development and occurrences, and interest income from debt instruments at fair value through other comprehensive income declined owing to sales of some debt instruments during the period. Therefore, the Group’s revenue was down 11% year on year to HK\$6,807.6 million, along with a 32% decrease in profit attributable to the owners of the Company to HK\$732.8 million. On consideration of the Group’s robust financial position, the Board has proposed an interim dividend of HK\$0.10 per share with a special interim dividend of HK\$1.90 per share to give back to the shareholders.

Financial Highlights

	Six months ended 30 June		Change
	2020	2019	
	<i>HK\$’million</i>	<i>HK\$’million</i>	
Revenue	6,807.6	7,631.2	-11%
EBITDA	1,360.5	1,683.1	-19%
Profit before tax	1,041.7	1,334.7	-22%
Net profit attributable to owners of the Company	732.8	1,082.1	-32%
Earnings per share	HK\$0.238	HK\$0.351	-32%
Interim dividend per share	HK\$0.10	HK\$0.10	–
Special interim dividend per share	HK\$1.90	–	N/A
Net asset value per share	HK\$5.54	HK\$5.86	-5%
	Net Cash 1,540.8	Net gearing 14%	

PERFORMANCE

Laminates division: During the Period, despite a slide in market demand for laminates as a result of the pandemic, the laminates division proactively stepped up coordinated efforts to prevent infection while securing production. As the pandemic was gradually brought under control in Mainland China, the Group reverted to full production, expanded sales coverage and actively adapted to the changes in demand, in a bid to mitigate the losses incurred by the pandemic. The laminates division reported a slight drop of 5% in revenue to HK\$6,602.3 million. Meanwhile, the Group took full advantage of its vertically integrated production model as an effective means to further trim down on costs and enhance profit margin while continuing to safeguard product supply. Hence, EBITDA rose by 9% to HK\$1,349.8 million. Output volume during the Period was comparable to that of last year, with its monthly average amounting to 9.5 million square metres.

Property division: The Group continued to execute a development strategy centred around the laminates business, while the property segment was engaged primarily in selling the remaining units in hand during the Period. Segment revenue slipped by 67% to HK\$133.7 million, whilst EBITDA fell by 67% to HK\$63.6 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's integrated financial and liquidity position remained robust. Group net current assets and current ratio were approximately HK\$10,097.2 million (31 December 2019: HK\$9,386.0 million) and 3.17 (31 December 2019: 2.76) respectively.

The net working capital cycle increased from 88 days as at 31 December 2019 to 121 days as at 30 June 2020 on the following key metrics:

- Inventories, in terms of stock turnover days, were 72 days (31 December 2019: 48 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 91 days (31 December 2019: 80 days).
- Trade and bills payable (excluding bills payable for properties, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, were 42 days (31 December 2019: 40 days).

As at 30 June 2020, net cash (bank balances and cash net of bank borrowings) was HK\$1,540.8 million (31 December 2019: net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was 0%). The increase in net cash was mainly due to the sale of some debt instruments at fair value through other comprehensive income during the period. The proportion of short-term to long-term bank borrowings stood at 61%: 39% (31 December 2019: 44%: 56%).

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 enter into any hedging arrangements for hedging foreign currency risk 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.

HUMAN RESOURCES

As at 30 June 2020, the Group employed a workforce of approximately 9,500 (31 December 2019: 9,600). 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

Looking forward to the second half of the year, China will continue to give impetus to its new infrastructure strategy and strengthen the construction and blueprint of its 5G network. In addition, the epidemic situation in some European countries has been brought under control with economic activities restarted. Increase in demand in the electronics industry chain, including the automotive industry, will drive business volume growth for the Group's laminates division. Output volume of laminates during exceeded 12 million square meters both in June and July 2020. Recently, the price of some upstream materials has increased, and the copper foil was in short supply. It is expected that the prices of laminates and copper foil products have room for upward adjustment. The Group, as a leading supplier of base materials for electronic appliances, will stay market-oriented and evolve around customer demands. It will seek to extend its portfolio of laminates products in accordance with market trends. The Group's high-quality development is sturdily based on a vertically integrated supply chain, continuous strengthening of core competencies, and steady revenue growth. During the first half of the year, the Group has increased its monthly copper foil capacities in Lianzhou, Guangdong Province by 300 tonnes. Plans are in the pipeline for a further increase of 900 tonnes per month in the second half. The newly built laminates plant in Shaoguan, Guangdong Province will soon complete trial production before gradually moving towards stable production, which will see an additional 480,000 square metres of glass epoxy laminates manufactured per month.

For the residential project in Kunshan, Jiangsu Province, China, the Group is carrying out sales as planned, and is currently making good progress. At present, the Group has no intention of further land-banking and will concentrate on completing the existing real estate projects.

APPRECIATION

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 3 December 2020 to Friday, 4 December 2020 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend and a special 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 2 December 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2020, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange of Hong Kong Limited.

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 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has been in compliance with the relevant code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code") throughout the six-month period ended 30 June 2020, save for the deviation from code A.4.1 of the CG Code, since the non-executive Director and independent non-executive Directors are not appointed for specific terms. Notwithstanding the aforesaid deviation, all the Directors (including the non-executive Director and independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting, in accordance with the Company's Articles of Association. As such, the Company considers that steps have been taken with a view to ensuring that the Company's corporate governance practices are in line with the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, each Director has confirmed that he or she has complied with the required standards as set out in the Model Code and the code of conduct regarding Director's securities transactions adopted by the Company throughout the six-month period ended 30 June 2020.

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

Hong Kong, 28 August 2020

As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho and Zhou Pei Feng, being the executive Directors, Mr. Lo Ka Leong, being the non-executive Director, and Messrs. Leung Tai Chiu, Ip Shu Kwan, Stephen, Zhang Lu Fu and Lau Ping Cheung, Kaizer, being the independent non-executive Directors.