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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
	2021 <i>HK\$'million</i>	2020 <i>HK\$'million</i>	
Revenue	13,920.0	6,807.6	+105%
EBITDA	4,477.6	1,360.5	+229%
Profit before tax	4,111.4	1,041.7	+295%
Net profit attributable to owners of the Company	3,356.5	732.8	+358%
Earnings per share	HK107.6 cents	HK23.8 cents	+352%
Interim dividend per share	HK30.0 cents	HK10.0 cents	+200%
Special interim dividend per share	–	HK190.0 cents	N/A
Net asset value per share	HK\$5.25	HK\$5.54	-5%
	Net Gearing 10%	Net Cash 1,540.8	

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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	13,919,956	6,807,615
Cost of sales		<u>(9,196,943)</u>	<u>(5,176,509)</u>
Gross profit		4,723,013	1,631,106
Other income, gains and losses	5	52,133	10,827
Distribution costs		(256,986)	(170,797)
Administrative costs		(474,055)	(332,457)
Gain (Loss) on fair value changes of equity instruments at fair value through profit or loss		77,828	(129,155)
Gain on disposal of debt instruments at fair value through other comprehensive income		19,209	71,711
Finance costs	6	<u>(29,790)</u>	<u>(39,486)</u>
Profit before taxation		4,111,352	1,041,749
Income tax expense	8	<u>(753,961)</u>	<u>(307,649)</u>
Profit for the period		<u>3,357,391</u>	<u>734,100</u>
Profit for the period attributable to:			
Owners of the Company		3,356,539	732,814
Non-controlling interests		<u>852</u>	<u>1,286</u>
		<u>3,357,391</u>	<u>734,100</u>
Earnings per share – Basic and diluted	10	<u>HK\$1.076</u>	<u>HK\$0.238</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>3,357,391</u>	<u>734,100</u>
Other comprehensive income (expenses) 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>234,636</u>	<u>(112,239)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value gain (loss) on debt instruments at fair value through other comprehensive income	16,121	(39,095)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>(19,209)</u>	<u>(71,711)</u>
	<u>(3,088)</u>	<u>(110,806)</u>
Other comprehensive income (expenses) for the period (net of tax)	<u>231,548</u>	<u>(223,045)</u>
Total comprehensive income for the period	<u>3,588,939</u>	<u>511,055</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	3,587,796	510,893
Non-controlling interests	<u>1,143</u>	<u>162</u>
	<u>3,588,939</u>	<u>511,055</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		1,440,799	1,438,063
Properties, plant and equipment	<i>11</i>	5,669,463	5,613,910
Right-of-use assets		596,998	567,754
Equity instruments at fair value through profit or loss		285,518	88,583
Debt instruments at fair value through other comprehensive income		221,171	611,231
Deposits paid for acquisition of properties, plant and equipment		644,413	97,201
Deferred tax assets		3,190	3,190
Goodwill		238	238
		8,861,790	8,420,170
Current assets			
Inventories		2,093,391	1,739,106
Trade and other receivables and prepayments	<i>12</i>	6,286,172	4,743,914
Bills receivables	<i>12</i>	4,192,627	3,507,802
Properties held for development		1,696,956	1,427,224
Equity instruments at fair value through profit or loss		69,974	776,904
Debt instruments at fair value through other comprehensive income		134,365	148,740
Amounts due from fellow subsidiaries		955,631	693,081
Taxation recoverable		5,336	9,009
Bank balances and cash		3,032,680	4,909,965
		18,467,132	17,955,745

		30 June 2021	31 December 2020
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Current liabilities			
Trade and other payables	<i>13</i>	2,831,457	2,777,696
Bills payables	<i>13</i>	164,071	347,631
Contract liabilities		2,285,207	617,304
Dividend payable		–	6,240,000
Lease liabilities		375	553
Amounts due to fellow subsidiaries		47,660	47,582
Taxation payable		856,744	723,426
Bank borrowings – amount due within one year		4,007,683	923,077
		<u>10,193,197</u>	<u>11,677,269</u>
Net current assets		<u>8,273,935</u>	<u>6,278,476</u>
Total assets less current liabilities		<u>17,135,725</u>	<u>14,698,646</u>
Non-current liabilities			
Lease liabilities		1,675	1,771
Deferred tax liabilities		75,782	78,095
Bank borrowings – amount due after one year		666,667	230,769
		<u>744,124</u>	<u>310,635</u>
		<u>16,391,601</u>	<u>14,388,011</u>
Capital and reserves			
Share capital		312,000	312,000
Reserves		16,054,388	14,021,065
Equity attributable to owners of the Company		16,366,388	14,333,065
Non-controlling interests		25,213	54,946
Total equity		<u>16,391,601</u>	<u>14,388,011</u>

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, 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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Impacts and accounting policies on application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” and early application of Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

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 2021.

3. REVENUE

Analysis of revenue for the period is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	10,045,360	4,312,253
Sales of paper laminates	1,556,792	888,337
Sales of upstream materials (<i>note a</i>)	1,740,739	935,539
Sales of properties	–	84,383
Others (<i>note b</i>)	477,268	466,169
Revenue recognised overtime (<i>note c</i>)	26,204	16,660
Revenue from contracts with customers	13,846,363	6,703,341
Interest income from debt instruments	25,200	70,917
Dividend income	9,612	742
Rental income	38,781	32,615
	<u>13,919,956</u>	<u>6,807,615</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 day to 120 days.
- (b) Others mainly includes sales of specialty resin of HK\$315,339,000 (six months ended 30 June 2020: HK\$254,107,000).
- (c) Income from hotel accommodation of HK\$26,204,000 (six months ended 30 June 2020: HK\$16,660,000).

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 2021	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>13,820,159</u>	<u>64,985</u>	<u>34,812</u>	<u>13,919,956</u>
Segment results	<u>4,035,649</u>	<u>24,357</u>	<u>127,085</u>	4,187,091
Unallocated corporate income				17,005
Unallocated corporate expenses				(62,954)
Finance costs				<u>(29,790)</u>
Profit before taxation				<u>4,111,352</u>
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>

For the six months ended 30 June 2021, revenue from one of the Group’s customers amounted to HK\$2,193,944,000 (six months ended 30 June 2020: HK\$1,070,153,000), 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	9,575	12,356
(Loss) Gain on disposal and write off of properties, plant and equipment	(6,106)	181
Government grants	41,769	14,298
Others	6,895	(16,008)
	<u>52,133</u>	<u>10,827</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank borrowings	35,579	45,515
Interest on lease liabilities	46	30
Imputed interest on contract liabilities	421	317
Less: Amounts capitalised in the construction in progress	(5,835)	(6,059)
Less: Amounts capitalised in the properties held for development	(421)	(317)
	<u>29,790</u>	<u>39,486</u>

Bank and other borrowing costs capitalised during the period includes imputed interest on contract liabilities of HK\$421,000 (six months ended 30 June 2020: HK\$317,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.2% (six months ended 30 June 2020: 2.2%) per annum to expenditure on qualifying assets.

7. DEPRECIATION

During the period, depreciation of approximately HK\$329.2 million (six months ended 30 June 2020: HK\$272.2 million) was charged in respect of the Group's properties, plant and equipment.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The amount comprises:		
PRC Enterprise Income Tax	730,169	304,523
PRC Land Appreciation Tax ("LAT")	–	2,041
Hong Kong Profits Tax	11,326	4,832
Taxation arising in other jurisdiction	14,779	1,295
	<u>756,274</u>	<u>312,691</u>
Deferred taxation		
Credit for the period	<u>(2,313)</u>	<u>(5,042)</u>
	<u>753,961</u>	<u>307,649</u>

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% 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.

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

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

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

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

9. DIVIDENDS

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2021 of HK30.0 cents per share (six month ended 30 June 2020: interim dividend HK10.0 cents per share and special interim dividend HK190.0 cents per share) respectively to the shareholders whose names appear on the register of members of the Company on Friday, 10 December 2021. The dividend warrants will be dispatched on or around Thursday, 6 January 2022.

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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	3,356,539	732,814
	Number of shares	
	30 June 2021 '000	30 June 2020 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	3,120,000	3,081,000

No diluted earnings per share for the six months ended 30 June 2021 was presented as there were no potential ordinary shares in issue for the period. 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.

11. ADDITIONS TO PROPERTIES, PLANT AND EQUIPMENT

During the reporting period, the Group spent approximately HK\$348.8 million (six months ended 30 June 2020: HK\$494.3 million) on acquisition of properties, plant and equipment.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Trade receivables	6,085,430
Less: Allowance for credit losses	(602,077)	(579,750)
Trade receivables, net	5,483,353	3,911,704
Advance to suppliers	334,189	350,161
Prepaid expenses and deposits	180,115	193,758
Value-added tax ("VAT") recoverable	185,585	203,561
Other receivables	102,930	84,730
	6,286,172	4,743,914
Bills receivables	4,192,627	3,507,802
	10,478,799	8,251,716

The Group allows credit periods of up to 120 days (31 December 2020: 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 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	4,465,836	3,298,866
91–180 days	976,434	572,483
Over 180 days	41,083	40,355
	<u>5,483,353</u>	<u>3,911,704</u>

Bills receivables of the Group are aged within 90 days (31 December 2020: 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 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	992,957	1,005,225
Accrued expenses	504,854	508,512
Payables for acquisition of properties, plant and equipment	130,311	159,175
Other tax payables	606,621	649,342
VAT payables	286,634	155,328
LAT payables	82,596	43,238
Other payables	227,484	256,876
	<u>2,831,457</u>	<u>2,777,696</u>
Bills payables	164,071	347,631
	<u>2,995,528</u>	<u>3,125,327</u>

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

	30 June 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	838,874	855,324
91–180 days	78,392	73,474
Over 180 days	75,691	76,427
	<u>992,957</u>	<u>1,005,225</u>

Bills payables of the Group are aged within 90 days (31 December 2020: 90 days) at the end of the reporting period.

BUSINESS REVIEW

On behalf of the board of directors of Kingboard Laminates Holdings Limited, I am delighted to report doubled growth in revenue and multiple growth in earnings for the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Period”) as compared with the same period last year.

During the Period, the pace of global economic recovery accelerated, fuelling a strong rebound in electronic consumables which helped drive demand growth for the laminates industry. Sales of computers and servers remained robust on the back of increased application for distance work and online meetings. Home appliances also recorded a significant surge in sales with increased stay-home time. For the automotive industry, growth was led by the new energy vehicle segment and smart upgrades to cars. Overall, the consumption boom in the downstream electronics market and the Group captured this market opportunity to generate strong growth in laminates sales. Strong demand caused a tense supply of laminates and their upstream materials, thus prices shifted upward as well. The Group’s upstream capability is supported by its technology lead in and maintenance of a comprehensive chain of high-quality materials including copper foil, glass yarn, glass fabric and epoxy resin. This provides a robust platform to back up the Group’s production in full force. With the potential of its vertical production model fully unlocked, profit margins for laminates were significantly lifted.

The Group’s revenue surged 105% year on year to HK\$13,920.0 million, along with a 358% increase in profit attributable to the owners of the Company to HK\$3,356.5 million. On consideration of the Group’s robust financial position, the Board has proposed an interim dividend of HK30.0 cents per share.

Financial Highlights

	Six months ended 30 June		Change
	2021	2020	
	HK\$'million	HK\$'million	
Revenue	13,920.0	6,807.6	+105%
EBITDA	4,477.6	1,360.5	+229%
Profit before tax	4,111.4	1,041.7	+295%
Net profit attributable to owners of the Company	3,356.5	732.8	+358%
Earnings per share	HK107.6 cents	HK23.8 cents	+352%
Interim dividend per share	HK30.0 cents	HK10.0 cents	+200%
Special interim dividend per share	–	HK190.0 cents	N/A
Net asset value per share	HK\$5.25	HK\$5.54	-5%
	Net Gearing 10%	Net Cash 1,540.8	

PERFORMANCE

Laminates Division: During the Period, with the concerted efforts of the management and entire team, the Laminates Division was able to overcome multiple challenges brought by the pandemic, high temperatures and power shortage, and achieved extremely high levels of facilities utilization in response to strong market demand for laminates. Output volume grew 33% over the same period last year to a total of 64 million sheets. Capturing the opportunities arising from the industry growth, the division has made successful forays into new segments and achieved progress in its product mix enhancement. The Period witnessed a substantial increase in the proportionate sales of high-end and high-value-added products, including thin laminates for portable devices, lead-free and halogen-free laminates that meet stringent environmental standards, as well as high CTI (Comparative Tracking Index) laminates with extensive adaptability. At the same time, the supply of copper foil, glass yarn, glass fabric and epoxy resin on the upstream was tightened by strong demand, leading to multiple price increases and thus lifting the prices of laminates further. Leveraging on its vertical chain, the division was able to enjoy the premiums from price increases of both the upstream materials and its laminates products, thereby driving a rapid expansion of its profit margin. Revenue of the Laminates Division was up by 109% to HK\$13,820.2 million, with earnings before interest, taxes, depreciation and amortisation (“EBITDA”) surging 223% to HK\$4,363.6 million.

Property Division: During the Period, the Property Division was focused on completing its existing projects. Pre-sales performance was satisfactory, but with a decrease in the handover of units, revenue booked to the Period also dropped. Segment revenue declined 51% to HK\$65.0 million, whilst EBITDA fell by 49% to HK\$32.3 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\$8,273.9 million (31 December 2020: HK\$6,278.5 million) and 1.81 (31 December 2020: 1.54) respectively.

The net working capital cycle decreased from 107 days as at 31 December 2020 to 101 days as at 30 June 2021 on the following key metrics:

- Inventories, in terms of stock turnover days, were 41 days (31 December 2020: 50 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 84 days (31 December 2020: 97 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 24 days (31 December 2020: 40 days).

As at 30 June 2021, net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was 10% (31 December 2020: net cash (bank balances and cash net of bank borrowings) of HK\$3,756.1 million). During the Period, the Group invested approximately HK\$348.8 million on new capacity and approximately HK\$279.0 million on its property

business. 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 proportion of short-term to long-term bank borrowings stood at 86%:14% (31 December 2020: 80%:20%). The Group has adequate financial resources to fulfil its requirements for future market developments.

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.

HUMAN RESOURCES

As at 30 June 2021, the Group employed a workforce of approximately 9,700 (31 December 2020: 9,500). 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

Entering the second half, the electronics industry has continued to thrive with hot demand for electronic consumables. New growth drivers also emerge from the new energy vehicle and mini-LED segments. Demand for laminates continues to rise steadily. Global development of the green economy is driving demand for new energy batteries and wind power equipment, which will add external momentum to the demand for copper foil and epoxy resin while driving price increases. Overall, the price of laminates will be lifted by these multi-fold factors.

In view of this, the Group is accelerating its capacity investments. The newly completed laminates plant in Shaoguan, Guangdong Province has been fully commissioned and is operating smoothly, adding a monthly capacity of 1.2 million sheets of glass epoxy laminates. The Group will continue to expand its capacities for upstream materials from the second half to early next year, in order to strengthen its vertical competence and to help it stretch to clients' extended markets. New monthly capacities of 1,800 tonnes of copper foil, 4,000 tonnes of glass yarn and 5 million metres of glass fabric are in the planning pipeline.

A new wave of a diversified portfolio of electronic products is set to arrive, following the deployment of 5G and proliferation of new energy vehicles. The Group will leverage its technology lead to expedite product portfolio enhancement to meet market demands. With the collaboration of the marketing, research and development, and production teams, the glass epoxy laminates part has gained client recognition for its lead-free, halogen-free thin laminates and high-frequency, high-speed laminates. The Group believes it is able to further expand its market share in this segment. On the other hand, the Group will upgrade partial existing facilities of paper laminates with a view to capturing the demand for products with strong cost performance. It is further expected that external sales of upstream materials would continuously grow as their facilities gradually come on stream. To this end, the Group targets to expand the proportionate sales of prepreg (PP) made from glass fabric and epoxy resin. The Group's products are interrelated and complementary to each other. With this product

portfolio, the Group looks forward to capturing the upside of the market transformation, broadening its coverage, and achieving high growth while maintaining sustainable development on its green and cost-effective foundation.

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, 9 December 2021 to Friday, 10 December 2021 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 8 December 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, 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 2021.

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 2021, 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 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 2021.

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

Hong Kong, 30 August 2021

As at the date of this announcement, the board of directors of Kingboard Laminates Holdings Limited 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. Ip Shu Kwan, Stephen, Zhang Lu Fu, Lau Ping Cheung, Kaizer, and Kung, Peter being the independent non-executive directors.