

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# KB

## 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
	2022 HK\$'million	2021 HK\$'million	
<b>Revenue</b>	13,176.0	13,920.0	-5%
<b>EBITDA*</b>	3,305.4	4,477.6	-26%
<b>Profit before tax*</b>	2,867.6	4,111.4	-30%
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	1,873.9	3,356.5	-44%
– Reported net profit	1,825.9	3,356.5	-46%
<b>Basic earnings per share</b>			
– Based on underlying net profit*	HK60.1 cents	HK107.6 cents	-44%
– Based on reported net profit	HK58.5 cents	HK107.6 cents	-46%
<b>Interim dividend per share</b>	HK15.0 cents	HK30.0 cents	-50%
<b>Net asset value per share</b>	HK\$5.26	HK\$5.25	–
	Net Cash 1,151.7	Net Gearing 10%	

\* *Excluding*

*From 1 January 2022 to 30 June 2022, share-based payments of HK\$48 million (From 1 January 2021 to 30 June 2021: Nil).*

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	13,175,953	13,919,956
Cost of sales		<u>(9,172,836)</u>	<u>(9,196,943)</u>
Gross profit		4,003,117	4,723,013
Other income, gains and losses	5	45,190	52,133
Distribution costs		(391,212)	(256,986)
Administrative costs		(495,918)	(474,055)
(Loss) gain on fair value changes of equity instruments at fair value through profit or loss		(67,578)	77,828
Gain on disposal of debt instruments at fair value through other comprehensive income		–	19,209
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income		(181,660)	–
Share-based payments		(48,000)	–
Finance costs	6	<u>(44,301)</u>	<u>(29,790)</u>
Profit before taxation		2,819,638	4,111,352
Income tax expense	8	<u>(993,563)</u>	<u>(753,961)</u>
Profit for the period		<u>1,826,075</u>	<u>3,357,391</u>
Profit for the period attributable to:			
Owners of the Company		1,825,883	3,356,539
Non-controlling interests		<u>192</u>	<u>852</u>
		<u>1,826,075</u>	<u>3,357,391</u>
Earnings per share	10		
Basic		<u>HK\$0.585</u>	<u>HK\$1.076</u>
Diluted		<u>HK\$0.585</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,826,075</u>	<u>3,357,391</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>(884,729)</u>	<u>234,636</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	181,660	–
Fair value (loss) gain on debt instruments at fair value through other comprehensive income	(46,600)	16,121
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>–</u>	<u>(19,209)</u>
	<u>135,060</u>	<u>(3,088)</u>
Other comprehensive (expenses) income for the period	<u>(749,669)</u>	<u>231,548</u>
Total comprehensive income for the period	<u><u>1,076,406</u></u>	<u><u>3,588,939</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	1,077,391	3,587,796
Non-controlling interests	<u>(985)</u>	<u>1,143</u>
	<u><u>1,076,406</u></u>	<u><u>3,588,939</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		1,436,340	1,441,259
Property, plant and equipment	<i>11</i>	6,997,756	6,247,809
Right-of-use assets		589,214	667,056
Equity instruments at fair value through profit or loss		798,188	1,177,398
Debt instruments at fair value through other comprehensive income		64,785	103,798
Deposits paid for acquisition of property, plant and equipment		591,253	878,135
Deferred tax assets		2,242	2,810
Goodwill		238	238
		10,480,016	10,518,503
Current assets			
Inventories		3,563,642	2,653,835
Trade and other receivables and prepayments	<i>12</i>	4,797,861	6,639,167
Bills receivables	<i>12</i>	3,416,692	4,243,905
Properties held for development		350,721	1,460,556
Equity instruments at fair value through profit or loss		114,164	442,125
Debt instruments at fair value through other comprehensive income		–	11,256
Amounts due from fellow subsidiaries		596,712	978,831
Taxation recoverable		8,538	8,718
Bank balances and cash		4,466,687	2,864,889
		17,315,017	19,303,282

		<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>Notes</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	2,815,860	2,732,637
Bills payables	<i>13</i>	303,480	602,496
Contract liabilities		323,264	2,773,455
Dividend payable		3,744,000	936,000
Lease liabilities		382	570
Amounts due to fellow subsidiaries		47,572	47,581
Taxation payable		726,800	870,454
Bank borrowings – amount due within one year		2,515,011	1,814,902
		<u>10,476,369</u>	<u>9,778,095</u>
Net current assets		<u>6,838,648</u>	<u>9,525,187</u>
Total assets less current liabilities		<u>17,318,664</u>	<u>20,043,690</u>
<b>Non-current liabilities</b>			
Lease liabilities		1,452	1,623
Deferred tax liabilities		71,682	76,943
Bank borrowings – amount due after one year		800,000	900,000
		<u>873,134</u>	<u>978,566</u>
		<u>16,445,530</u>	<u>19,065,124</u>
<b>Capital and reserves</b>			
Share capital		312,000	312,000
Reserves		16,107,874	18,726,483
Equity attributable to owners of the Company		16,419,874	19,038,483
Non-controlling interests		25,656	26,641
Total equity		<u>16,445,530</u>	<u>19,065,124</u>

*Notes:*

**1. BASIS OF PREPARATION**

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

**2. PRINCIPAL ACCOUNTING POLICIES**

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

***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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue recognised at a point in time		
Sales of glass epoxy laminates	7,190,895	10,045,360
Sales of paper laminates	804,267	1,556,792
Sales of upstream materials ( <i>note a</i> )	1,879,190	1,740,739
Sales of properties	2,672,606	–
Others ( <i>note b</i> )	545,668	477,268
Revenue recognised overtime ( <i>note c</i> )	24,629	26,204
Revenue from contracts with customers	13,117,255	13,846,363
Rental income	32,701	38,781
Interest income from debt instruments	6,488	25,200
Dividend income	19,509	9,612
	<u>13,175,953</u>	<u>13,919,956</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\$437,290,000 (six months ended 30 June 2021: HK\$315,339,000).
- (c) Income from hotel accommodation of HK\$24,629,000 (six months ended 30 June 2021: HK\$26,204,000).

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

##### Segment revenue and results

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

<b>Six months ended 30 June 2022</b>	<b>Laminates</b> <i>HK\$’000</i> (Unaudited)	<b>Properties</b> <i>HK\$’000</i> (Unaudited)	<b>Investments</b> <i>HK\$’000</i> (Unaudited)	<b>Consolidated</b> <i>HK\$’000</i> (Unaudited)
Segment revenue	<u>10,420,020</u>	<u>2,729,936</u>	<u>25,997</u>	<u>13,175,953</u>
Segment results	<u>1,830,156</u>	<u>1,356,295</u>	<u>(239,177)</u>	<u>2,947,274</u>
Unallocated corporate income				20,254
Unallocated corporate expenses				(55,589)
Share-based payments				(48,000)
Finance costs				<u>(44,301)</u>
Profit before taxation				<u>2,819,638</u>
<b>Six months ended 30 June 2021</b>	<b>Laminates</b> <i>HK\$’000</i> (Unaudited)	<b>Properties</b> <i>HK\$’000</i> (Unaudited)	<b>Investments</b> <i>HK\$’000</i> (Unaudited)	<b>Consolidated</b> <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>	<u>4,187,091</u>
Unallocated corporate income				17,005
Unallocated corporate expenses				(62,954)
Finance costs				<u>(29,790)</u>
Profit before taxation				<u>4,111,352</u>

For the six months ended 30 June 2022, revenue from one of the Group’s customers amounted to HK\$2,292,619,000 (six months ended 30 June 2021: HK\$2,193,944,000), 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income on bank balances and deposits	13,154	9,575
Loss on disposal and write off of property, plant and equipment	(990)	(6,106)
Government grants	16,797	41,769
Others	16,229	6,895
	<u>45,190</u>	<u>52,133</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank borrowings	49,780	35,579
Interest on lease liabilities	43	46
Imputed interest on contract liabilities	136	421
Less: Amounts capitalised in the construction in progress	(5,522)	(5,835)
Less: Amounts capitalised in the properties held for development	(136)	(421)
	<u>44,301</u>	<u>29,790</u>

Bank and other borrowing costs capitalised during the period includes imputed interest on contract liabilities of HK\$136,000 (six months ended 30 June 2021: HK\$421,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.7% (six months ended 30 June 2021: 1.2%) per annum to expenditure on qualifying assets.

## 7. DEPRECIATION

During the period, depreciation of approximately HK\$385.7 million (six months ended 30 June 2021: HK\$329.2 million) was charged in respect of the Group's property, plant and equipment.

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The amount comprises:		
PRC Enterprise Income Tax	422,209	671,289
PRC Land Appreciation Tax ("LAT")	446,513	–
Hong Kong Profits Tax	3,141	11,326
Taxation arising in other jurisdiction	9,136	14,779
Withholding tax in the PRC	117,257	58,880
	<hr/>	<hr/>
	998,256	756,274
Deferred taxation		
Credit for the period	(4,693)	(2,313)
	<hr/>	<hr/>
	993,563	753,961
	<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% for both periods.

Under the EIT Law of the PRC, withholding tax of 5% to 10% is imposed on dividends declared in respect of profits earned by subsidiaries in Mainland China from 1 January 2008 onwards.

Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years since it was officially endorsed. Certain subsidiaries in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2024 (2021: 2023).

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

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

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

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

## 9. INTERIM DIVIDENDS

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2022 of HK15.0 cents per share (six month ended 30 June 2021: interim dividend HK30.0 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 9 December 2022. The dividend warrants will be dispatched on or around Thursday, 5 January 2023.

## 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company	1,825,883	3,356,539
	<b>Number of shares</b>	
	30 June 2022 '000	30 June 2021 '000
Number of ordinary shares for the purpose of calculating basic earnings per share	3,120,000	3,120,000
Effect of dilutive potential ordinary shares arising from share options	15	N/A
Number of ordinary shares for the purpose of calculating diluted earnings per share	3,120,015	N/A

For the six months ended 30 June 2022, the computation of diluted earnings per share assumed the exercise of the Company's share options because the exercise price of these share options was lower than the average market price. 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.

## 11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group had addition of approximately HK\$1,482.8 million (six months ended 30 June 2021: HK\$348.8 million) on property, plant and equipment.

## 12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	4,572,687	6,243,668
Less: Allowance for credit losses	(546,805)	(661,595)
	<hr/>	<hr/>
Trade receivables, net	4,025,882	5,582,073
Advance to suppliers	353,319	517,652
Prepaid expenses and deposits	113,580	204,704
Value-added tax (“VAT”) recoverable	202,799	190,197
Other receivables	102,281	144,541
	<hr/>	<hr/>
	4,797,861	6,639,167
Bills receivables	3,416,692	4,243,905
	<hr/>	<hr/>
	<b>8,214,553</b>	<b>10,883,072</b>

The Group allows credit periods of up to 120 days (31 December 2021: 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:

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	2,970,450	4,483,570
91–180 days	1,012,758	1,056,609
Over 180 days	42,674	41,894
	<hr/>	<hr/>
	<b>4,025,882</b>	<b>5,582,073</b>

Bills receivables of the Group are aged within 90 days (31 December 2021: 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 2022</b>	<b>31 December 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade payables	971,421	1,050,633
Accrued expenses	483,481	523,032
Payables for acquisition of property, plant and equipment	146,357	124,495
Other tax payables	672,917	726,214
VAT payables	170,884	222,553
LAT payables	294,803	10,672
Other payables	75,997	75,038
	<hr/>	<hr/>
	2,815,860	2,732,637
Bills payables	303,480	602,496
	<hr/>	<hr/>
	3,119,340	3,335,133
	<hr/>	<hr/>

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

	<b>30 June 2022</b>	<b>31 December 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0–90 days	872,028	950,860
91–180 days	46,987	30,691
Over 180 days	52,406	69,082
	<hr/>	<hr/>
	971,421	1,050,633
	<hr/>	<hr/>

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 2021: 90 days) at the end of the reporting period.

## BUSINESS REVIEW

On behalf of the board of directors, I am delighted to report to our shareholders for the result of the Kingboard Laminates Holdings Limited and its subsidiaries (the “Group”) for the six months ended 30 June 2022 (the “Period”). As laminates and other upstream materials fell short in supply last year, the majority of industry players implemented expansion plans to different degrees to sharply increase the market supply. However, the geopolitical conflicts including Russia-Ukraine war, pandemic lingering in China, especially in Shanghai, and global high inflation posed considerable negative impacts for the electronics industry during the Period. Both sales and unit prices of the Group’s laminates recorded a downshift. Nevertheless, with a vertically integrated supply chain, large customer network and outstanding cost control, the Group’s Laminates Division recorded satisfactory results amid weak market conditions and high costs. An increase in the handover of residential properties helped drive up the revenue of the Property Division. At the same time, the Group made a provision of HK\$181.7 million for the credit impairment of the bond investments it held during the Period. The Group’s revenue decreased 5% year on year to HK\$13,176 million, along with a 44% decrease in underlying profit attributable to the owners of the Company (excluding non-recurring items) to HK\$1,873.9 million. On consideration of the Group’s robust financial position, the Board has resolved to declare an interim dividend of HK15 cents per share.

### Financial Highlights

	Six months ended 30 June		Change
	2022 HK\$'million	2021 HK\$'million	
<b>Revenue</b>	13,176.0	13,920.0	-5%
<b>EBITDA*</b>	3,305.4	4,477.6	-26%
<b>Profit before tax*</b>	2,867.6	4,111.4	-30%
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	1,873.9	3,356.5	-44%
– Reported net profit	1,825.9	3,356.5	-46%
<b>Basic earnings per share</b>			
– Based on underlying net profit*	HK60.1 cents	HK107.6 cents	-44%
– Based on reported net profit	HK58.5 cents	HK107.6 cents	-46%
<b>Interim dividend per share</b>	HK15.0 cents	HK30.0 cents	-50%
<b>Net asset value per share</b>	HK\$5.26	HK\$5.25	–
	Net Cash 1,151.7	Net Gearing 10%	

\* Excluding

From 1 January 2022 to 30 June 2022, share-based payments of HK\$48 million (From 1 January 2021 to 30 June 2021: Nil).

## PERFORMANCE

Laminates Division: The electronics industry experienced a slide in demand during the Period, leading to a 24% decline in shipment volume compared with the same period last year. Monthly shipment volume dropped to 8 million sheets. Nevertheless, the Laminates Division achieved satisfactory progress with its product portfolio enhancement efforts as it actively developed new market arenas. A significant increase in the share of sales of high-end and high-value-added products was witnessed. This high-end product portfolio included thin laminates for portable devices, lead-free and halogen-free laminates with high environmental compliance, fire-resistant laminates with broad compatibility, and high-frequency and high-speed laminates with low loss and high transmission speed. Segment revenue of the Laminates Division declined 25% to HK\$10,420 million. The Division's experienced management team has actively mitigated the impact of high commodity, energy and transportation costs by raising efficiency and lowering energy consumption through technical enhancements. The Division has also effectively cushioned the pressure of cost increases by raising the rate of automation to achieve savings on labour expenses. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 49% to HK\$2,218.9 million.

Property Division: As the Group continued to focus on the development of its laminates business, the Property Division was mainly engaged in the sales of the remaining units. Segment revenue jumped 41 times to HK\$2,729.9 million during the Period as a result of increased handover of residential properties. EBITDA also surged 41 times to HK\$1,363.5 million.

## LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2022, Group's net current assets and current ratio (current assets divided by current liabilities) were approximately HK\$6,838.6 million (31 December 2021: HK\$9,525.2 million) and 1.65 (31 December 2021: 1.97) respectively.

The net working capital cycle increased from 102 days as at 31 December 2021 to 108 as at 30 June 2022 on the following key metrics:

- Inventories, in terms of stock turnover days, were 70 days (31 December 2021: 51 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 64 days (31 December 2021: 83 days).
- Trade and bills payable (excluding bills payable for property, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, were 26 days (31 December 2021: 32 days).

As at 30 June 2022, net cash (bank balances and cash net of bank borrowings) was HK\$1,151.7 million (31 December 2021: net cash of HK\$150 million). The ratio of short-term to long-term bank borrowings stood at 76%:24% (31 December 2021: 67%:33%). During the Period, the Group invested approximately HK\$1.2 billion 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. During the Period, the Group successfully signed a 5-year sustainability-linked loan facility agreement with 14 major international and local banks. The syndicated facility received an overwhelming response from the market and was significantly oversubscribed. The final size of the loan came to HK\$7 billion, reflecting the Group's efforts towards its sustainability goals, as well as the banking industry's trust and support of the Group's environmental, social and governance (ESG) work.

## **HUMAN RESOURCES**

As at 30 June 2022, the Group employed a workforce of approximately 10,700 (31 December 2021: 9,900). 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**

Some downstream customers maintained strict control of their inventories during the first half of the year, but as inventories have come down to lower levels, it is expected that demand will rebound gradually towards the coming second half as customers begin planning to increase orders. The Group is proactively deploying big data management to further enhance operational efficiency. This will enable the Group to respond to market-driven and customer-led demand changes in a faster and more precise way. A modern manufacturing execution system ("MES") will also be deployed to enhance production efficiency. The new laminates facility in Shaoguan, Guangdong Province, is already fully operational, helping the Group improve its coverage in various geographical areas. The Group will also broaden its portfolio of laminates, with its main focus on high-quality products. To this end, the Group will expedite the upgrade of products including thin, fire-resistant, high-frequency, high-speed, lead-free and halogen-free laminates. Collaborating with premium customers, the Group will seek to expand the certification of its products by end-user customers. During the first half of the year, the Group added monthly capacities of 4,200 tonnes of glass yarn and 300 tonnes of copper foil in Lianzhou, Guangdong Province. In Shaoguan, Guangdong Province, the glass fabric facility with a monthly capacity of 9 million metres has already entered operation, and is planning to add 4 million metres of glass fabric capacity per month during the second half. The quality of the Group's upstream materials has been widely recognised by external customers. The aforesaid expansion plan will drive the Group's external sales of upstream materials to increase earnings, in addition to coping with internal business needs. Echoing the state's call for energy savings and emissions reduction, the Group is establishing solar photovoltaic power projects within its facilities in stages. It is expected that these projects will be able to recoup their costs within five years, while continuing to bring long-term benefits to the Group. We have full confidence in the ongoing development of the Group. The Group's market share has continued to grow, with its share of the global laminates market increasing



by 3% to 18% in 2021, compared with 2020 according to independent third-party consultancy Prismark Partners LLC's latest research report. This report validates the Group's increasing advantage built on a vertically integrated business chain. The Group has won customers' recognition with its reliable product quality and delivery. The Group's management will remain dedicated to creating better returns for its shareholders.

## **APPRECIATION**

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

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 8 December 2022 to Friday, 9 December 2022 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving an interim dividend, the Company's shareholders are reminded to ensure all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 7 December 2022.

## **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 2022.

## **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 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2022.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, each Director has confirmed that he has complied with the required standard set out in the Model Code and the code of conduct regarding Director’s securities transactions adopted by the Company throughout the six months ended 30 June 2022.

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

Hong Kong, 29 August 2022

*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, Kung, Peter and Ho Kwok Ming being the independent non-executive directors.*