

KB 建滔集團有限公司

KINGBOARD HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 148

INTERIM REPORT 2024

LEADING THE FUTURE



INTERIM RESULTS

The board of directors (the “Board”) of Kingboard Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	20,415,160	18,719,860
Cost of sales and services rendered		(15,827,875)	(14,839,664)
Gross profit		4,587,285	3,880,196
Other income, gains and losses	5	95,535	149,885
Distribution expenses		(650,544)	(604,492)
Administrative expenses		(1,085,922)	(1,197,272)
Loss on fair value changes of equity instruments at fair value through profit or loss		(293,454)	(26,513)
Gain on disposal of debt instruments at fair value through other comprehensive income		4,930	30,009
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income		(6,279)	(2,283)
Impairment losses under expected credit loss model on loan receivable		(4,857)	—
Finance costs	6	(615,259)	(503,055)
Share of results of joint ventures		41,798	41,944
Share of result of an associate		65,469	45,178
Profit before taxation		2,138,702	1,813,597
Income tax expense	7	(417,239)	(287,102)
Profit for the period		1,721,463	1,526,495
Profit for the period attributable to:			
Owners of the Company		1,506,928	1,389,609
Non-controlling interests		214,535	136,886
		1,721,463	1,526,495
		HK\$ (Unaudited)	HK\$ (Unaudited)
Earnings per share	9		
– Basic		1.360	1.253
– Diluted		1.360	1.253

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	<u>1,721,463</u>	<u>1,526,495</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>(692,697)</u>	<u>(1,372,008)</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	6,279	2,283
Fair value loss on debt instruments measured at fair value through other comprehensive income	<u>(32,983)</u>	<u>(326,502)</u>
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>(4,930)</u>	<u>(30,009)</u>
	<u>(31,634)</u>	<u>(354,228)</u>
Other comprehensive expenses for the period	<u>(724,331)</u>	<u>(1,726,236)</u>
Total comprehensive income (expenses) for the period	<u><u>997,132</u></u>	<u><u>(199,741)</u></u>
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	815,414	(109,660)
Non-controlling interests	<u>181,718</u>	<u>(90,081)</u>
	<u><u>997,132</u></u>	<u><u>(199,741)</u></u>

Condensed Consolidated Statement of Financial Position

		30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
	Notes		
Non-current assets			
Investment properties		23,683,116	23,801,788
Property, plant and equipment	10	20,100,539	19,404,999
Right-of-use assets		1,938,652	1,951,478
Goodwill		2,670,528	2,670,528
Intangible asset		31,680	34,920
Interest in an associate		419,860	445,132
Interests in joint ventures		2,459,523	2,473,378
Equity instruments at fair value through profit or loss		2,521,815	2,219,727
Debt instruments at fair value through other comprehensive income		704,792	861,970
Entrusted loans	11	175,619	181,352
Deposits paid for acquisition of property, plant and equipment		1,027,277	744,378
Deferred tax assets		3,267	3,068
		55,736,668	54,792,718
Current assets			
Inventories		4,012,490	3,775,589
Properties held for development		15,525,412	15,419,688
Trade and other receivables and prepayments	11	8,644,268	7,975,716
Bills receivables	11	3,823,279	3,247,158
Other financial assets		136	–
Loan receivable		716,734	721,591
Equity instruments at fair value through profit or loss		7,269,887	8,905,029
Taxation recoverable		32,274	32,626
Restricted bank deposits		–	10,089
Cash and cash equivalents		4,046,772	4,088,322
		44,071,252	44,175,808

		30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
	Notes		
Current liabilities			
Trade and other payables	12	6,591,325	6,311,534
Bills payables	12	595,399	661,797
Contract liabilities		1,649,800	1,668,243
Dividend payable		480,861	780,607
Taxation payable		1,391,766	1,352,201
Bank borrowings – amount due within one year		9,111,747	8,145,695
Lease liabilities		2,620	3,044
		<u>19,823,518</u>	<u>18,923,121</u>
Net current assets		<u>24,247,734</u>	<u>25,252,687</u>
Total assets less current liabilities		<u>79,984,402</u>	<u>80,045,405</u>
Non-current liabilities			
Deferred tax liabilities		949,309	831,828
Bank borrowings – amount due after one year		14,075,685	14,776,988
Lease liabilities		8,515	1,967
		<u>15,033,509</u>	<u>15,610,783</u>
Net assets		<u><u>64,950,893</u></u>	<u><u>64,434,622</u></u>
Capital and reserves			
Share capital		110,831	110,831
Reserves		60,046,952	59,630,530
Equity attributable to owners of the Company		60,157,783	59,741,361
Non-controlling interests		4,793,110	4,693,261
Total equity		<u><u>64,950,893</u></u>	<u><u>64,434,622</u></u>

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share-based payments HK\$'000	Goodwill HK\$'000	Special surplus account HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
Balance at 1 January 2024	110,831	6,619,517	1,911	152,558	773,838	10,594	3,821,596	280,381	(703,801)	(1,461,906)	50,135,642	59,741,361	4,693,261	64,434,622
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,506,928	1,506,928	214,535	1,721,463
Fair value loss on debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(32,166)	-	-	(32,166)	(817)	(32,983)
Reclassify to profit or loss upon disposal of debt instruments through other comprehensive income	-	-	-	-	-	-	-	-	(4,930)	-	-	(4,930)	-	(4,930)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	-	-	-	-	6,084	-	-	6,084	195	6,279
Exchange difference arising from translation to presentation currency	-	-	-	-	-	-	-	-	-	(660,502)	-	(660,502)	(32,195)	(692,697)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	(31,012)	(660,502)	1,506,928	815,414	181,718	997,132
Final dividend payable for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	-	(398,992)	(398,992)	-	(398,992)
Dividends payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(81,869)	(81,869)
Transfers to reserve	-	-	-	-	-	-	64,636	-	-	-	(64,636)	-	-	-
	-	-	-	-	-	-	64,636	-	-	-	(463,628)	(398,992)	(81,869)	(480,861)
Balance at 30 June 2024	110,831	6,619,517	1,911	152,558	773,838	10,594	3,886,232	280,381	(734,813)	(2,122,408)	51,178,942	60,157,783	4,793,110	64,950,893

Attributable to owners of the Company

	Share capital HK\$/'000	Share premium HK\$/'000	Capital redemption reserve HK\$/'000	Share-based payments reserve HK\$/'000	Goodwill reserve HK\$/'000	Special surplus account HK\$/'000	Statutory reserve HK\$/'000	Property revaluation reserve HK\$/'000	Investment revaluation reserve HK\$/'000	Translation reserve HK\$/'000	Retained profits HK\$/'000	Sub-total HK\$/'000	Non-controlling interests HK\$/'000	Total equity HK\$/'000
Balance at 1 January 2023	110,879	6,630,959	1,911	77,300	773,838	10,594	3,377,591	280,381	(315,414)	(970,069)	50,079,395	60,057,655	4,638,176	64,695,831
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,389,609	1,389,609	136,886	1,526,495
Fair value loss on debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(317,471)	-	-	(317,471)	(9,031)	(326,502)
Reclassification to profit or loss upon disposal of debt instruments through other comprehensive income	-	-	-	-	-	-	-	-	(26,842)	-	-	(26,842)	(3,167)	(30,009)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	-	-	-	-	-	-	-	-	2,212	-	-	2,212	71	2,283
Exchange difference arising from translation to presentation currency	-	-	-	-	-	-	-	-	-	(1,157,168)	-	(1,157,168)	(214,840)	(1,372,008)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	-	(342,101)	(1,157,168)	1,389,609	(109,660)	(90,081)	(199,741)
Issue of new shares from exercise of share options	2	434	-	(90)	-	-	-	-	-	-	-	346	-	346
Repurchase and cancellation of share	(50)	(11,876)	-	-	-	-	-	-	-	-	-	(11,926)	-	(11,926)
Final dividend payable for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	-	(831,234)	(831,234)	-	(831,234)
Dividends payable to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(163,738)	(163,738)
Transfers to reserve	-	-	-	-	-	-	311,351	-	-	-	(311,351)	-	-	-
	(48)	(11,442)	-	(90)	-	-	311,351	-	-	-	(1,142,585)	(842,814)	(163,738)	(1,006,552)
Balance at 30 June 2023	110,831	6,619,517	1,911	77,300	773,838	10,594	3,688,942	280,381	(657,515)	(2,127,237)	50,326,419	59,105,181	4,384,357	63,489,538

Condensed Consolidated Statement of Cash Flow

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(317,634)	1,083,326
Net cash used in investing activities	(887,618)	(5,203,441)
Net cash from financing activities	<u>1,163,702</u>	<u>2,163,766</u>
Net decrease in cash and cash equivalents	(41,550)	(1,956,349)
Cash and cash equivalents at the beginning of the period	<u>4,088,322</u>	<u>6,693,336</u>
Cash and cash equivalents at the end of the period	<u><u>4,046,772</u></u>	<u><u>4,736,987</u></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 (the "Stock Exchange").

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 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. Segment Information

HKFRS 8 “Operating Segments” (“HKFRS 8”) 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 the Chief Operating Decision Makers (“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 six main operating divisions – (i) laminates, (ii) PCBs, (iii) chemicals, (iv) properties, (v) investments (mainly investment income from debt instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss) and (vi) others (mainly including service income, manufacture and sale of magnetic products and hotel business).

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 results represent the profit earned by/ loss from each segment with certain items not included (share of result of an associate, share of results of joint ventures, finance costs, impairment losses under expected loss model on loan receivable and unallocated corporate income and expenses). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment revenues and results by reportable segments are presented below:

	Laminates HK\$'000 (Unaudited)	PCBs HK\$'000 (Unaudited)	Chemicals HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Six months ended 30 June 2024								
Segment revenue								
External sales	7,072,430	5,811,301	6,110,552	919,869	289,417	211,591	–	20,415,160
Inter-segment sales	1,810,775	–	404,835	–	–	2,253	(2,217,863)	–
Total	8,883,205	5,811,301	6,515,387	919,869	289,417	213,844	(2,217,863)	20,415,160
Result								
Segment result	1,129,077	806,326	280,956	557,198	(9,986)	1,551		2,765,122
Unallocated corporate income								38,733
Unallocated corporate expenses								(152,304)
Impairment losses under expected credit loss model on loan receivable								(4,857)
Finance costs								(615,259)
Share of results of joint ventures								41,798
Share of result of an associate								65,469
Profit before taxation								2,138,702

3. Segment information – continued

	Laminates HK\$'000 (Unaudited)	PCBs HK\$'000 (Unaudited)	Chemicals HK\$'000 (Unaudited)	Properties HK\$'000 (Unaudited)	Investments HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Eliminations HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Six months ended								
30 June 2023								
Segment revenue								
External sales	6,584,513	5,723,718	4,872,580	1,047,360	237,309	254,380	–	18,719,860
Inter-segment sales	1,685,788	–	261,986	–	–	2,593	(1,950,367)	–
Total	<u>8,270,301</u>	<u>5,723,718</u>	<u>5,134,566</u>	<u>1,047,360</u>	<u>237,309</u>	<u>256,973</u>	<u>(1,950,367)</u>	<u>18,719,860</u>
Result								
Segment result	<u>718,816</u>	<u>600,682</u>	<u>170,253</u>	<u>587,373</u>	<u>238,522</u>	<u>(579)</u>		2,315,067
Unallocated corporate income								98,307
Unallocated corporate expenses								(183,844)
Finance costs								(503,055)
Share of result of joint ventures								41,944
Share of results of an associate								<u>45,178</u>
Profit before taxation								<u>1,813,597</u>

Inter-segment sales are charged on a cost-plus basis with an arm's length margin.

4. Depreciation

During the reporting period, depreciation of approximately HK\$956,030,000 (six months ended 30 June 2023: HK\$997,029,000) was charged in respect of the Group's property, plant and equipment.

5. Other income, gains and losses

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Other income, gains and losses include:		
Interest income from bank balances and deposits	34,914	36,638
Interest income on entrusted loans	4,846	6,582
Interest income on loan receivable	—	66,984
Government grants	53,150	35,976
Gain on fair value changes of other financial assets	136	—
Others	2,489	3,705
	<u>95,535</u>	<u>149,885</u>

6. Finance costs

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	631,894	514,883
Interest on lease liabilities	100	194
Less: Amounts capitalised in the construction in progress	(6,730)	(5,808)
Amounts capitalised in the properties held for development	(10,005)	(6,214)
	<u>615,259</u>	<u>503,055</u>

Bank and other borrowing costs capitalised include bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 4.92% for the six months ended 30 June 2024 (six months ended 30 June 2023: 4.81%) per annum to expenditure on qualifying assets.

7. Income tax expense

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The amount comprises:		
PRC Enterprise Income Tax ("EIT")	255,920	194,605
PRC Land Appreciation Tax ("LAT")	722	22,991
Hong Kong Profits Tax	10,712	7,173
Taxation arising in other jurisdictions	22,521	25,407
Withholding tax in the PRC	31,189	45,947
	321,064	296,123
Deferred taxation	96,175	(9,021)
	417,239	287,102

Under the Law of the PRC on EIT (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, withholding tax of 5% – 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 of the Company in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2025 (2023: 2024).

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

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 consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both period.

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

8. Interim dividend

The Directors have resolved to declare an interim dividend of HK\$0.40 per share for the six months ended 30 June 2024 (2023: interim dividend of HK\$0.16 per share and a special interim dividend of HK\$0.50 per share) to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 18 December 2024. The dividend warrants will be dispatched on or around Wednesday, 8 January 2025.

9. Earnings per share

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share	<u>1,506,928</u>	<u>1,389,609</u>
	Number of shares	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,108,311,736	1,108,619,692
Add: Effect of potentially dilutive ordinary shares arising from share options	—	4,863
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,108,311,736</u>	<u>1,108,624,555</u>

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

10. Additions to property, plant and equipment

During the reporting period, the Group had addition of approximately HK\$1,870,284,000 (six months ended 30 June 2023: HK\$2,202,099,000) on property, plant and equipment.

11. Trade and other receivables and prepayments, entrusted loans and bills receivables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	8,166,947	7,634,086
Less: Allowance for credit losses	(1,007,318)	(1,090,600)
Trade receivables, net	7,159,629	6,543,486
Advance to suppliers	200,143	202,419
Entrusted loans (Note)	192,988	199,287
Prepayment and deposits	295,619	318,147
Value added tax recoverables	766,978	713,472
Other receivables	204,530	180,257
	8,819,887	8,157,068
Less: Non-current portion of entrusted loans (Note)	(175,619)	(181,352)
	8,644,268	7,975,716

As at 1 January 2023, the gross carrying amount of trade receivables from contracts with customers amounted to HK\$7,989,399,000 with allowance for credit losses of HK\$1,176,760,000.

Note: The entrusted loans of HK\$192,988,000 (31 December 2023: HK\$199,287,000) are due from certain purchasers of properties developed by the Group in the PRC through four (31 December 2023: four) commercial banks in the PRC (the "Lending Agents"). The entrusted loans carry interest at variable rates ranging from 3.43% to 4.90% (31 December 2023: 3.43% to 4.90%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (31 December 2023: 2034). The purchasers of the Group's properties have pledged to the Lending Agents the respective properties purchased. These properties are located at Kunshan, PRC.

As at 30 June 2024, entrusted loans amounting to HK\$175,619,000 (31 December 2023: HK\$181,352,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

11. Trade and other receivables and prepayments, entrusted loans and bills receivables – continued

The Group allows credit period of up to 120 days (31 December 2023: 120 days), depending on the products sold to its trade customers. The following is an aging analysis of trade receivables net of allowance for credit losses based on invoice date at the end of the reporting period:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–90 days	6,142,824	5,568,742
91–120 days	770,465	736,458
121–150 days	148,855	145,090
151–180 days	24,296	23,904
Over 180 days	73,189	69,292
	<u>7,159,629</u>	<u>6,543,486</u>

Bills receivables of the Group are all aged within 90 days (31 December 2023: 90 days) based on invoice date at the end of the reporting period.

12. Trade and other payables and bills payables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	2,946,309	2,790,530
Accrued expenses	1,398,210	1,305,255
Payable for acquisition of property, plant and equipment	684,129	640,772
Other tax payables	665,491	673,662
VAT payables	157,054	147,294
Land appreciation tax payables	700	572
Other payables	739,432	753,449
	<u>6,591,325</u>	<u>6,311,534</u>

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–90 days	2,271,299	2,082,362
91–180 days	373,708	369,882
Over 180 days	301,302	338,286
	<u>2,946,309</u>	<u>2,790,530</u>

Bills payables of the Group related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables, which are aged within 90 days (31 December 2023: 90 days) at the end of the reporting period. Included in bills payables as at 30 June 2024 were payables for acquisition of property, plant and equipment of HK\$167,019,000 (31 December 2023: HK\$109,343,000).

13. Share options

(a) *Employees' share option scheme of the Company*

The existing share option scheme of the Company (the "Scheme") was approved by shareholders of the Company at the annual general meeting held on 27 May 2019. The purpose of the Scheme is to provide incentive or reward to the Eligible Participants (as defined below) for their contribution to, and continuing efforts to promote the interests of the Group.

Under the Scheme which is valid for a period of 10 years, the Board may, at its discretion, grant options to subscribe for shares in the Company to eligible participants ("Eligible Participants") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity in which the Group holds any equity interests ("Invested Entity"), including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and (vi) any person or entity who from time to time determined by the Board as having contributed or may contribute to the development and growth of the Group based on his or its performance and/or years of service, or is regarded as valuable resources of the Group based on his/its working experience, knowledge in the industry and other relevant factors. The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 business days from the date of grant upon payment of HK\$1 and are exercisable over a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than ten years from the date of the grant of the options of the Scheme.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Company's shares in issue as at the date of adoption of the Scheme. The limit on the number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Group must not exceed 30% of the Company's shares in issue from time to time. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

13. Share options – continued

(a) Employees' share option scheme of the Company – continued

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

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
Directors								
Mr. Cheung Kwok Wing	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Chang Wing Yiu	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Kwong Kwan	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Ho Yin Sang	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Ka Shing	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Ms. Ho Kin Fan	23 June 2022	1,720,000	-	-	-	1,720,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	1,720,000	-	-	-	1,720,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Chen Maosheng	23 June 2022	330,000	-	-	-	330,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	330,000	-	-	-	330,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Ming Man	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Dr. Chong Kin Ki	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Chan Wing Kee	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Stanley Chung Wai Cheong	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note i)
Subtotal		25,300,000	-	-	-	25,300,000		

13. Share options – continued

(a) *Employees' share option scheme of the Company – continued*

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
Employees	23 June 2022	3,720,000 ^(Note ii)	-	-	-	3,720,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	3,390,000 ^(Note ii)	-	-	-	3,390,000	HK\$21.50	28 July 2023 to 27 July 2033 ^(Note ii)
Subtotal		7,110,000	-	-	-	7,110,000		
Total		32,410,000	-	-	-	32,410,000		
Exercisable at 1 January 2024		32,410,000						
30 June 2024		32,410,000						

Note:

- (i) During the year ended 31 December 2023, 16,040,000 options were granted by the Company on 28 July 2023 under the share option scheme of the Company, of which 14,160,000 options were granted to directors and/or their associate(s) and 1,880,000 were granted to employees (excluding any associate of directors). The closing price of the Company's shares on 27 July 2023 (namely the date immediately before the aforesaid grant date) is HK\$21.25. The estimated fair value of the aforesaid options was HK\$75,258,000, of which HK\$66,437,000 was attributable to the options granted to directors and/or their associate(s) while HK\$8,821,000 was attributable to the options granted to employees. The fair value of each of the abovementioned options was identical, namely HK\$4.692. All share options were vested on the date of grant and there was no vesting period and performance targets attached to the options granted.

During the six months ended 30 June 2024, no options were granted under the Scheme.

As at 30 June 2024, 32,410,000 options (as at 31 December 2023: 32,410,000 options) remained outstanding under the Scheme.

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

- (ii) Including the spouse of Mr. Ho Yin Sang, a Director of the Company in respect of 1,840,000 options. Ms. Cheung Wai Kam is an employee of the Group and an associate of Director by virtue of her relationship with several executive Directors of the Company. In addition to being the spouse of Mr. Ho Yin Sang, she is also the mother of Ms. Ho Kin Fan and the sister of Mr. Cheung Kwok Wing.
- (iii) Including the spouse of Mr. Ho Yin Sang, a Director of the Company, in respect of 1,510,000 options.

During the Period, no option has lapsed or has been granted or cancelled under the Scheme.

The number of Share Options available for grant under the scheme mandate as at 1 January 2024 and 30 June 2024 was 46,405,233.

13. Share options – continued

(b) *Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL")*

The share option scheme of KLHL ("2017 KLHL Scheme") was approved by the shareholders of the Company and the shareholders of KLHL on 29 May 2017, and the 2017 KLHL Scheme took effect upon receiving approval from the Listing Committee of the Stock Exchange on 2 November 2017. The purpose of the 2017 KLHL Scheme is to provide incentive or rewards to the eligible participants of the 2017 KLHL Scheme for their contribution to, and continuing efforts to promote the interests of the KLHL Group (as defined below).

The 2017 KLHL Scheme is valid for a period of ten years. The Board of KLHL may, at its discretion, grant options to subscribe for shares in KLHL to eligible participants who contribute to the long-term growth and profitability of KLHL and include (i) any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to KLHL, any of its subsidiaries or any entity ("KLHL's Invested Entity") in which KLHL and its subsidiaries (collectively referred to as the "KLHL Group") hold an equity interest; (ii) any non-executive directors (including independent non-executive directors) of KLHL, any of its subsidiaries or any KLHL's Invested Entity; (iii) any supplier of goods or services to any member of the KLHL Group or any KLHL's Invested Entity; (iv) any customer of the KLHL Group or any KLHL's Invested Entity; (v) any person or entity that provides research, development or other technological support to the KLHL Group or any KLHL's Invested Entity; and (vi) any shareholder of any member of the KLHL Group or any KLHL's Invested Entity.

The subscription price of KLHL's share in respect of any option granted under the 2017 KLHL Scheme must be at least the highest of (i) the closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing price of the shares of KLHL as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of KLHL.

The option may be accepted by a participant within 28 days from the date of the offer for the grant of the option upon the payment of a consideration of HK\$1. An option may be exercised at any time during a period to be determined and notified by the directors of KLHL to each grantee, and in the absence of such determination, from the date upon which the offer for the grant of the option is accepted but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The directors of KLHL may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

The total number of shares of KLHL which may be issued upon exercise of all options to be granted under the KLHL Scheme and any other share option scheme of KLHL (excluding, for this purpose, options lapsed in accordance with the terms of the 2017 KLHL Scheme and any other share option scheme of KLHL) must not in aggregate exceed 10% of the total number of shares of KLHL in issue as at the date of approval of the 2017 KLHL Scheme.

The maximum number of shares of KLHL which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 KLHL Scheme and any other share option scheme of KLHL must not exceed 30% of the issued share capital of KLHL from time to time.

13. Share options – continued

(b) *Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") – continued*

A summary of movements of the number of share options under the 2017 KLHL Scheme for the period is as follows:

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
Directors of KLHL								
Mr. Cheung Kwok Wa	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Kwok Keung	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Kwok Ping	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Lam Ka Po	23 June 2022	6,000,000	-	-	-	6,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,000,000	-	-	-	6,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Cheung Ka Ho	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Zhou Pei Feng	23 June 2022	1,000,000	-	-	-	1,000,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	1,000,000	-	-	-	1,000,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Ip Shu Kwan, Stephen	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Zhang Lu Fu	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Kung, Peter	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Mr. Ho Kwok Ming	23 June 2022	500,000	-	-	-	500,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	500,000	-	-	-	500,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note i)
Subtotal		58,000,000	-	-	-	58,000,000		

13. Share options – continued

(b) *Employees' share option scheme of Kingboard Laminates Holdings Limited ("KLHL") – continued*

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
<i>Employees of KLHL</i>	23 June 2022	7,900,000 ^(Note ii)	-	-	-	7,900,000	HK\$9.728	23 June 2022 to 22 June 2032
	28 July 2023	6,900,000 ^(Note ii)	-	-	-	6,900,000	HK\$7.800	28 July 2023 to 27 July 2033 ^(Note ii)
Subtotal		<u>14,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,800,000</u>		
Total		<u>72,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,800,000</u>		
<i>Exercisable at</i>								
1 January 2024		72,800,000						
30 June 2024		<u>72,800,000</u>						

Notes:

- (i) During the year ended 31 December 2023, 35,900,000 options were granted by KLHL on 28 July 2023 under the 2017 KLHL Scheme, of which 29,000,000 options were granted to directors of KLHL and 6,900,000 were granted to employees of KLHL. As at 31 December 2023 and 30 June 2024, 72,800,000 options remained outstanding under the 2017 KLHL Scheme. The closing price of KLHL's shares on 27 July 2023 (namely the date immediately before the aforesaid grant date) is HK\$7.69. The estimated fair value of the aforesaid options was HK\$48,750,000, of which HK\$39,378,000 was attributable to the options granted to directors of KLHL while HK\$9,372,000 was attributable to the options granted to employees of KLHL. The fair value of each of the abovementioned options was identical, namely HK\$1.3579. All share options were vested on the date of grant and there was no vesting period and performance targets attached to the options granted.

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

- (ii) Including the spouse of Mr. Ho Yin Sang, a Director of the Company, in respect of 5,900,000 options. The spouse of Mr. Ho Yin Sang is an employee of KLHL.
- (iii) Including the spouse of Mr. Ho Yin Sang, a Director of the Company, in respect of 4,900,000 options.

During the Period, no option has lapsed or has been cancelled or exercised under the 2017 KLHL Scheme. The number of options available for grant under the scheme mandate of the 2017 KLHL Scheme is 196,300,000 as at 1 January 2024 and 30 June 2024.

14. Capital and other commitments

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition of property, plant and equipment	1,065,779	1,126,342
Other expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– acquisition and other expenditures relating to properties held for development	303,706	334,360
	<u>1,369,485</u>	<u>1,460,702</u>

15. Related party transactions

The Group entered into the following significant transactions with related parties during the period:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Sales of goods to subsidiaries of a shareholder with significant influence to the Group	216,091	278,870
Purchase of goods from subsidiaries of a shareholder with significant influence to the Group	491,221	403,934
Sales of goods to a non-controlling shareholder of a subsidiary	10,134	12,753
Purchase of goods from an associate	<u>162,076</u>	<u>130,202</u>

Included in trade and other receivables and prepayments as at 30 June 2024 were an amount due from a non-controlling shareholder of a subsidiary of approximately HK\$6,167,000 (31 December 2023: HK\$6,332,000).

Included in trade and other receivables as at 30 June 2024 were an amount due from an associate of approximately HK\$5,693,000 (31 December 2023: HK\$6,148,000) which are trade-nature. Included in trade and other payables as at 30 June 2024, were an amount due to a joint venture of HK\$137,500,000 (31 December 2023: HK\$137,500,000) which are non-trade-nature. Both amounts are unsecured, non-interest bearing and repayable on demand.

16. Contingent liabilities

The Group provided guarantees amounting to approximately HK\$15,800,000 as at 30 June 2024 (31 December 2023: HK\$322,266,000) to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group. In the opinion of the Directors, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at 30 June 2024 and 31 December 2023.

Guarantees are given to banks with respect to loans procured by the purchasers of properties that were developed by the Group. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the relevant mortgage properties.

BUSINESS REVIEW

On behalf of the board of directors (the “Board”), I am delighted to present to our shareholders the results of Kingboard Holdings Limited and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Period”). Despite the challenging business environment marked by geopolitical conflicts and high interest rates, the Group has successfully navigated these complex market dynamics by leveraging its vertical value-chain advantage and diversified business portfolio. The Group’s net profit of more than HK\$1,500 million during the Period also reflects the hard work of the Kingboard team. After bottoming out, the electronics industry has entered a new growth cycle, driven by the rapid development of the artificial intelligence (AI) and automotive electronics sectors, which have fuelled demand growth. Furthermore, improved demand forecasts from downstream clients have prompted active stockpiling in various sectors, benefiting both the Laminates and Printed Circuit Boards (“PCBs”) segments which recorded growth in revenue and profits.

During the Period, the Group achieved 9% period-on-period growth in revenue to HK\$20,415.2 million. Net profit attributable to the owners of the Company also increased by 8% to HK\$1,506.9 million. The Board has resolved to declare an interim dividend of HK40 cents per share.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2024 HK\$'million	2023 HK\$'million	
Revenue	20,415.2	18,719.9	+9%
EBITDA	3,736.0	3,337.2	+12%
Profit before tax	2,138.7	1,813.6	+18%
Net profit attributable to owners of the Company	1,506.9	1,389.6	+8%
Basic earnings per share	HK\$1.360	HK\$1.253	+9%
Interim dividend per share	HK\$0.40	HK\$0.16	+150%
Special interim dividend per share	–	HK\$0.50	N/A
Net asset value per share	HK\$54.3	HK\$53.3	+2%
Net gearing	30%	28%	

PERFORMANCE

Laminates Division: During the Period, there was a notable growth in demand from the traditional consumer electronics market, particularly for air conditioners and photovoltaic panels. The demand for laminates was also helped by the rapid development of the AI industry and the increased integration of electronic and smart applications in the automotive sector. Simultaneously, the Laminates Division proactively expanded into new market areas, made considerable progress in enhancing its product portfolio, and further augmented the sales volume of high-end and high-value-added products. Revenue of the Laminates segment increased by 7% to HK\$8,883.2 million. Despite a significant increase in copper prices during the Period, the segment successfully raised product prices to more than offset the cost pressure, thereby achieving an improvement in gross profit margin. In addition, the Group's seasoned management team made continuous efforts to enhance production efficiency and reduce energy consumption through technical enhancements, as well as reduce labour costs through increased automation. As a result, earnings before interest, taxes, depreciation and amortisation ("EBITDA") increased by 34% to HK\$1,592.5 million.

PCBs Division: As noted earlier, a growth in PCBs demand was witnessed during the Period, and the division has expanded its presence in the automotive, telecommunications and consumer electronics sectors. Many well-known brands in many countries use Kingboard products. With active recruitment of high-quality management and technical talents, and investments in advanced machinery and equipment to establish highly automated production lines, the division achieved success in building a high-end and higher-value-added product portfolio. With a focus on market demands and efficiency, the PCBs Division implemented a modern manufacturing execution system ("MES"), and introduced precise quality tracing and analysis across the entire manufacturing process to drive improvements in production efficiency and product quality. Cost efficiency was also improved through continued technical enhancements and automation of facilities, driving a 16% EBITDA growth to HK\$1,122.8 million, on the back of 2% segment revenue growth to HK\$5,811.3 million.

Chemicals Division: During the Period, segment revenue (including inter-segment sales) posted 27% growth to HK\$6,515.4 million, driven by the commissioning of the annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, as well as an increase in sales volume of core chemical products, including acetic acid and caustic soda. Consequently EBITDA grew 43% to HK\$444.4 million.

Property Division: During the Period, the Property Division experienced a decrease in revenue from property sales by 43% to HK\$190.6 million due to reduced delivery of residential properties. However, the division saw a 2% increase in rental income to HK\$729.3 million, which was attributed to higher overall occupancy rates and the expiration of rent-free periods. Segment revenue of the Property Division declined by 12% to HK\$919.9 million, with EBITDA also contracting by 5% to HK\$557.2 million.

INVESTMENTS

As at 30 June 2024, the Group held in aggregate approximately HK\$10,496 million (31 December 2023: approximately HK\$11,987 million) investments in securities instruments, representing approximately 11% (31 December 2023: approximately 12%) of the total asset of the Group as at 30 June 2024. These securities investment consist of mostly shares listed on Main Board of the Stock Exchange and bonds issued mainly by companies listed on the Main Board of the Stock Exchange. The Group acquired these securities instruments through on-market purchases. The Group will from time to time monitor the price movement of prices in securities and bonds and may adjust its investment portfolio as and when appropriate.

The following table sets out the securities investments held by the Group which the Group considers to be relatively significant as at 30 June 2024. None of the value of the following (or any other) securities investments of the Company, on a standalone or (where applicable) aggregate basis reached 5% or more of the total assets of the Company as at the end of the Period:

Investment in Guangzhou R&F Properties Co., Ltd. ("GRFP")	Number of securities held	Investment cost	Fair value as at 30 June 2024	Percentage to the Group's total assets	*Accumulated fair value loss up to
				as of 30 June 2024	30 June 2024
	'000	HK\$'000	HK\$'000		HK\$'000
Bonds with fixed coupon rate of 6.5% cash/7.5% payment-in-kind ("PIK") per annum and maturity date in July 2025 listed on Singapore Exchange Securities Trading Limited ("SGX") by GRFP ("GRFP Group A Notes")	116,012	787,729	22,984	0.023%	(764,745)
Bonds with fixed coupon rate of 6.5% cash/7.5% PIK per annum and maturity date in July 2027 listed on SGX by GRFP ("GRFP Group B Notes")	155,304	1,026,572	36,207	0.036%	(990,365)
Bonds with fixed coupon rate of 6.5% cash/7.5% PIK per annum and maturity date in July 2028 listed on SGX by GRFP ("GRFP Group C Notes")	73,216	469,140	16,904	0.017%	(452,236)
		<u>2,283,441</u>	<u>76,095</u>	<u>0.076%</u>	<u>(2,207,346)</u>

* Including the impairment loss recognised in profit or loss with gross amount of HK\$6,279,000 during the Period, and the accumulated impairment loss recognised in profit or loss with gross amount of HK\$1,587,562,000.

Guangzhou R&F Properties Co., Ltd. (stock code: 2777) is principally engaged in the properties sector.

In respect of the above GRFP debts instruments, based on the announcements of GRFP dated 17 June 2022, 30 June 2022, 11 July 2022 and 14 July 2022, GRFP conducted the Consent Solicitations in June 2022 to seek waivers of existing and potential consequential Defaults or Events of Default under the Notes and to extend its debt maturity profile. GRFP offered Eligible Holders of each Series of the Notes an opportunity to consent to, among others, the extension of the maturity date of such Series of the Notes, which will allow GRFP to improve its overall financial condition and maintain a sustainable capital structure. In July 2022, GRFP completed the above debt restructuring scheme.

During the Period, the Group did not acquire or sell the above GRFP debts instruments at fair value through other comprehensive income.

According to above announcements and the announcement of GRFP dated on 12 August 2024, GRFP were not able to pay the bond interests due to its adverse financial condition. The Group had performed an impairment assessment on the debt instruments held under the expected credit loss ("ECL") model. The measurement of ECL is a function of the probability of default and loss given default (i.e. the magnitude of the loss if there is a default), with the assessment of the probability of default and loss given default being based on historical data and forward-looking information. The estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights, and also with reference to the time value of money. In determining ECL on the Group's debt instruments for the Period, the management had taken into accounts factors including the defaults of the bond issuer in making payments of interest and principal for its indebtedness, and forward-looking information including the future macroeconomic conditions at places where the bond issuer is operating.

The Group recognised impairment loss in profit or loss under ECL model of HK\$6,279,000 for the Period and accumulated ECL of HK\$1,587,562,000 on the above GRFP debt instruments at fair value through other comprehensive income by reference to exposures at default, recovery rate and adjustments for forward looking information.

Based on the announcements of GRFP dated 17 June 2022, 30 June 2022 and 11 July 2022: (i) The GRFP Group A Notes consisting of the 2022 Notes, the July 2022 Notes and the November 2022 Notes ("GRFP cash 6.5%/7.5% PIK senior notes due 2025") were issued by GRFP in July 2022, and due in July 2025. The GRFP cash 6.5%/7.5% PIK senior notes due 2025 are listed on the SGX and carry an interest of cash 6.5%/7.5% PIK per annum and interests are payable semi-annually. The net proceeds from the GRFP cash 6.5%/7.5% PIK senior notes due 2025 were mainly for refinancing medium to long-term debt that will be due within one year and offshore refinancing; (ii) The GRFP Group B Notes consisting of the 2023 Notes, the February 2023 Notes and the August 2023 Notes ("GRFP cash 6.5%/7.5% PIK senior notes due 2027") were issued by GRFP in July 2022, and due in July 2027. The GRFP cash 6.5%/7.5% PIK senior notes due 2027 are listed on SGX and carry an interest of cash 6.5%/7.5% PIK per annum and interests are payable semi-annually. The net proceeds from the GRFP cash 6.5%/7.5% PIK senior notes due 2027 were mainly for refinancing debt and for general corporate purposes of GRFP and offshore refinancing; (iii) The GRFP Group C Notes consisting of the February 2024 Notes, the March 2024 Notes, the July 2024 Notes and the September 2024 Notes ("GRFP cash 6.5%/7.5% PIK senior notes due 2028") were issued by GRFP in July 2022, and due in July 2028. The GRFP cash 6.5%/7.5% PIK senior notes due 2028 are listed on SGX and carry an interest of cash 6.5%/7.5% PIK per annum and interests are payable semi-annually. The net proceeds from the GRFP cash 6.5%/7.5% PIK senior notes due 2028 were mainly for refinancing medium to long-term debt that will be due within one year and offshore refinancing. According to the 2024 interim report of GRFP, the net debt to total equity ratio of GRFP decreased to 246% at 30 June 2024 from 262% at 31 December 2023.

For further information of the business and financial performance of the above company, please refer to the report and announcements referred in the above paragraph for details. Please also refer to the respective publications of the above company from time to time for updates on their prospects and performances. The report and announcements referred above do not form part of this interim report and do not constitute any publication issued by, or any opinion, advice or view of, the Company or any of its directors.

In terms of bond investments, the Group retained a certain number of listed bonds in order to generate stable and fixed interest income as the investment strategy. The Group's bond portfolio (including those as set out in the above table) totalled a fair value of approximately HK\$705 million as at 30 June 2024 (and the corresponding total investment cost was approximately HK\$2,865 million). During the period, interest income from bond investments amounted to approximately HK\$22 million representing an increase of approximately 144% compared to approximately HK\$9 million with the corresponding period in 2023.

The Company's equity instruments consist primarily of listed shares of a cluster of wide-ranging primarily blue-chip listed issuers as at 30 June 2024. During the Period, the dividend income from equity instrument at fair value through profit or loss is HK\$250,891,000, and the amount of loss on fair value changes of equity instruments at fair value through profit or loss is HK\$293,454,000. The Company's investment strategy of these equity investment is to make mid- to long-term investments in the prospects of primarily reputable sizeable issuers on recognizable stock exchange for creating values for the Group and its shareholders, with the risks involved balanced and moderated by the diversity of the portfolio and the corporate governance and disclosures of such issuers. There was no equities securities investment in an investee company with a value of 5 per cent. or more of the Group's total assets as at 30 June 2024.

The Group's Investment Strategy for These Investments

Our investment portfolio is comprised mainly of listed securities of a variety of blue-chip listed companies and debt securities issued by creditable listed companies in Hong Kong. Our investment objective is to generate stable interest and dividend income and create value for the Group and its shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial and liquidity position remained robust. As at 30 June 2024, Group net current assets and current ratio (i.e., current assets divided by current liabilities) were HK\$24,247.7 million (31 December 2023: HK\$25,252.7 million) and 2.22 (31 December 2023: 2.33) respectively.

The net working capital cycle increased to 69 days, as at 30 June 2024, from 65 days, as at 31 December 2023, on the following key metrics:

- Inventories, in terms of stock turnover days, were 46 days (31 December 2023: 43 days).
- Trade receivables, in terms of debtor turnover days, were 63 days (31 December 2023: 60 days).
- Trade and bills payable (excluding bills payable for property, plant and equipment), in terms of creditor turnover days, were 40 days (31 December 2023: 38 days).

The Group's net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 30% (31 December 2023: 29%). The ratio of short-term to long-term bank borrowings stood at 39%:61% (31 December 2023: 36%:64%). During the Period, the Group invested approximately HK\$2,000 million in production capacity and HK\$300 million in property construction expenses. With the management team's wealth of professional experience, a strong business foundation, and a solid financial position, management firmly believes these investments will generate stable and satisfactory long-term returns for shareholders. Meanwhile, the Group remains committed to a prudent financial management policy. Throughout the Period, the Group did not have any material foreign exchange exposure. 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 possessed adequate financial resources in reserve to fulfil its requirements for future market developments.

As at 30 June 2024, variable-rate bank borrowings which carry interest ranging from Hong Kong Inter-Bank Offer Rate ("HIBOR") +0.90% to HIBOR+1.00% (31 December 2023: HIBOR+0.78% to HIBOR+1.00%) per annum and Loan Prime Rate ("LPR") -1.10% to LPR -0.55% per annum (31 December 2023: LPR-1.10% to LPR-0.55%) and fixed rate bank borrowings which carry interest rate range from 2.90% to 3.50% per annum (31 December 2023: fixed interest rate was 0.89% per annum).

The range of effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings as at 30 June 2024 ranged from 2.60% to 5.61% (31 December 2023: 3.10% to 6.30%) per annum.

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

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
HKD	15,599,243	18,382,212
RMB	7,512,084	3,946,163
JPY	—	594,308
THB	76,105	—
	<u>76,105</u>	<u>—</u>

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within one year	9,111,747	8,145,695
More than one year but not more than two years	5,423,922	6,442,813
More than two years but not more than five years	8,651,763	8,334,175
	<u>23,187,432</u>	<u>22,922,683</u>

During the Period, the Group continued to adopt a prudent financial management policy. The Group did not enter into any material derivative financial instruments. 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.

CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately HK\$15,800,000 as at 30 June 2024 (31 December 2023: HK\$322,266,000) to facilitate mortgage bank loans applications of purchasers of the properties that were developed by the Group. Please refer to Note 16 to the Group's unaudited condensed consolidated financial statements for the Period in this report for further details of such guarantees.

HUMAN RESOURCES

As at 30 June 2024, the Group employed a global workforce of approximately 34,000 (31 December 2023: 34,000). Recognising the significance of staff members as a valuable asset, the Group continues to implement sound human resources management and planning practices, which increasingly contribute to delivering satisfactory results. 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 individual employee performance. The Kingboard Management Academy has been instrumental in actively nurturing mid-rank and senior management personnel over the years. Moreover, the Group annually recruits and nurtures several hundred promising university graduates from diverse locations worldwide. The Group is dedicated to implementing training programmes for various talent types in order to infuse fresh energy into long-term development and propel the Group's sustained growth.

PROSPECTS

The Group is adopting a professional and systematic approach in establishing distributed solar photovoltaics in all buildable area within its facilities. Following a cumulative investment of HK\$700 million up to 30 June 2024, the Group successfully generated a total of 60 million kWh of green electricity during the first half of 2024, resulting in energy savings equivalent to 16,200 tonnes of standard coal or a reduction in carbon dioxide emissions of 36,000 tonnes. This initiative translates to electricity bill savings of HK\$54 million based on the market tariff. Coupled with cumulative expenses savings of HK\$122 million as at 31 December 2023, cumulative expenses savings of more than HK\$176 million had been achieved by 30 June 2024. At the same time, investments will aggregate to approximately HK\$900 million by 31 December 2024, with an anticipated annual production of 200 million kWh of green electricity, equivalent to annual energy savings of 54,000 tonnes of standard coal or a reduction in carbon dioxide emissions of 120,000 tonnes from the coming years onwards. Based on the market tariff, this translates to electricity bill savings of HK\$180 million. In addition, up to 30 June 2024, the Group's investments in thermal energy recovery equipment totalled HK\$150 million. These investments resulted in a reduction in carbon dioxide emissions of 25,000 tonnes during the first half of 2024, which is equivalent to energy savings of 10,000 tonnes of standard coal and expenses savings totalling HK\$80 million. Coupled with cumulative expenses savings of HK\$300 million as at 31 December 2023, cumulative expenses savings of more than HK\$380 million had been achieved by 30 June 2024. These savings will bring long-term benefits to the Group. In addition, the Hebei acetic acid project is utilising an advanced and energy-efficient carbon capture technology developed by the School of Environment, Tsinghua University, to capture and recycle 200,000 tonnes of carbon dioxide annually. All captured carbon dioxide is reused for the acetic acid production system, resulting in annual energy savings of 80,000 tonnes of standard coal. The Hebei project enables carbon capture from flue gases in its coal-fired plant, and is the largest in the chemical industry in the Chinese mainland. The technology has been certified as attaining highest international standards. This initiative has supported the Group's green transformation and demonstrates its commitment to achieving its environmental, social and governance (ESG) goals.

Stepping into 2024, favourable policies have been introduced consecutively by the central government to support the economic and social development objectives for the year, with a view to cementing the economic recovery trend. All Group business segments have shown a positive development trend, but challenges posed by geopolitical tensions persist. Building on its robust performance, the Group will carry through its strategy of maintaining a diversified and synergistic business portfolio, while deriving competitive advantage from its vertical production model. Strict cost control measures will remain in place as the Group works to boost technological impetus and proactively deploy big data management to enhance operational efficiency. Furthermore, research and development (R&D) upgrades, safe production, and improvements in environmental performance remain top priorities for the Group. These efforts are aimed at promoting new-quality productivity and achieving high-quality sustainable development.

Laminates Division: A succession of favourable policies aimed at boosting demand for electronic products, such as promoting the replacement of consumer goods like vehicles and home appliances, have been introduced by the central government. In addition, increased electronic and smart applications in automobiles, the rapid development of the AI industry, and the continuous upgrading of high-speed networks have all contributed to stimulating demand and have become the main growth drivers for laminates. Benefiting from the advantages of vertical integration and economies of scale, the Group's product pricing has become extremely competitive, and its gross profit margin is among the highest in the industry, making it much more resilient. As copper prices rise in 2024, downstream demand is gradually picking up, a scenario which is expected to drive the Group's revenue and profits onto a growth track. The Group plans to establish a laminates R&D centre fitted out with state-of-the-art equipment. The Group has successfully developed a variety of high-frequency and high-speed products that can be applied to GPU mainboards in AI servers. Moving forward, the division will continue to collaborate with premium customers, working together towards the certification of high-end products in order to fully cover the demands of downstream clients. The Group also has plans to expand its monthly laminates capacities in Thailand by 400,000 sheets in the second half to address the overseas business development needs of both external clients and the Group's PCBs Division.

PCBs Division: The Group possesses recognised craftsmanship and comprehensive certification that target end-user segments such as automotive, telecommunications and consumer electronics, leading to a robust order pipeline for the division. The electronics market is witnessing significant demand growth for PCBs, driven by emerging applications such as AI, high-speed computing and electric vehicles. The development of large AI models has led to a surge in demand for data processing and hardware, such as servers and switches for accelerated computing, injecting new vitality into the PCBs industry. At the same time, the popularity of electric vehicles has led to the increased use of complicated electronic control systems, and thus a surge in PCBs demand. Kingboard Group has geared up its technological readiness for 6G telecommunications, mmWave radar, automotive high-end common control units, and AI servers. These ongoing efforts have helped forge a closer collaborative ecosystem with clients. The PCBs Division is committed to strengthening the core competitiveness of its various brands, namely Elec & Eltek, Techwise Circuits and Express Electronics. In view of this, the Group plans to bring in an additional monthly capacity for 300,000 square feet of PCBs in Huizhou, Guangdong Province, as well as 200,000 square feet of PCBs in Thailand, adding a total of 500,000 square feet of monthly capacity during the second half. Another PCBs project with a monthly capacity of 500,000 square feet is expected to come on stream in Thailand in the second half of 2025, and a further project to add 1 million square feet of monthly PCBs capacity is planned for Vietnam with production commencement expected for the second half of 2026. The plants are advantageously located to serve the demand growth of overseas clients. The expansion plans will help increase the industry penetration of Kingboard PCBs and reflect the Group's confidence in its future prospects.

Chemicals Division: The state continues to prioritise a development mode that emphasizes ecological protection and green transition in 2024. The Chemicals Division will take part in this national effort by actively promoting production safety and meeting emission standards. Additionally, the division will work to enhance production efficiency and optimise resources utilisation to reduce energy consumption. The acetic acid project in Xingtai City, Hebei Province, with an annual capacity of 800,000 tonnes, is scheduled for commissioning by the end of 2024. This project will also adopt the advanced energy-efficient carbon capture technology developed by the School of Environment, Tsinghua University. The caustic soda project currently underway in Beihai City, Guangxi, will have an annual capacity of 200,000 tonnes and is targeted for commencement by the end of 2025. Potential clients in the industrial park where this project is situated already have sufficient capacity to consume the entire output of the caustic soda plant, resulting in savings in transportation costs through short-distance or pipeline transportation. Strong competitiveness is evident as the average selling price of caustic soda is RMB150 to 200 per tonne higher than that in the Hengyang area. The annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, was commissioned in October 2023, while the annual 240,000-tonne Bisphenol A project also went into production in June 2024. These, together with the projects in Hebei Province and Guangxi, will help the Group expand its presence in the chemicals industry. The Chemicals Division is dedicated to leveraging innovation and technology, while promoting enterprise-wide transformation towards a high-quality, green and low-carbon trajectory.

Property Division: Adhering to the division's prudent business strategy, there has been no acquisition of new land bank in the past five years. Instead, priority has been given to the scheduled sales of residential projects in eastern China, aiming to expedite capital recycling. In parallel, the division is achieving stable rental income, which is estimated to reach HK\$1,400 million for the full year of 2024. The Group has strategically balanced its investment property portfolio across the United Kingdom, Hong Kong, and eastern and southern China, contributing to risk diversification and ensuring a continuous and stable cash flow influx for the Group.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders, clients, banks, management, and all employees for their unwavering support for the Group during the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 December 2024 to Wednesday, 18 December 2024 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for receiving the interim dividend, the Company's shareholders are reminded to ensure that 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 Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Monday, 16 December 2024.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2024, the interests of the Directors of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position

(a) Ordinary shares of HK\$0.10 each of the Company ("Shares")

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Kwok Wing (<i>Note 1</i>)	Beneficial owner/ Interest of spouse	8,461,905	0.763
Mr. Chang Wing Yiu (<i>Note 2</i>)	Beneficial owner/ Interest of spouse	9,570,228	0.863
Mr. Cheung Kwong Kwan	Beneficial owner	5,136,500	0.463
Mr. Ho Yin Sang (<i>Note 3</i>)	Beneficial owner/ Interest of spouse	1,003,200	0.091
Mr. Cheung Ka Shing	Beneficial owner	1,085,500	0.098
Mr. Cheung Ming Man	Beneficial owner	35,000	0.003
Dr. Chong Kin Ki (<i>Note 4</i>)	Beneficial owner/ Interest of spouse	110,000	0.010
Mr. Chan Wing Kee	Beneficial owner	285,000	0.026

Notes:

- (1) Out of the 8,461,905 Shares, 8,176,405 Shares were held by Mr. Cheung Kwok Wing and 285,500 Shares were held by his spouse.
- (2) Out of the 9,570,228 Shares, 8,899,488 Shares were held by Mr. Chang Wing Yiu and 670,740 Shares were held by his spouse.
- (3) Out of the 1,003,200 Shares, 655,000 Shares were held by Mr. Ho Yin Sang and 348,200 Shares were held by his spouse.
- (4) Out of the 110,000 Shares, 90,000 Shares were held by Dr. Chong Kin Ki and 20,000 Shares were held by his spouse.

All Directors above also hold share options of the Company, details of which are mentioned in the section headed "Directors' interests in shares — Long position (b) share options of the Company".

(b) Share options of the Company (“Share Options”)

Name of Director	Capacity	Interest in underlying Shares pursuant to the Share Options	Approximate percentage of the issued share capital of the Company as at the end of the Reporting Period (%)
Mr. Cheung Kwok Wing	Beneficial owner	4,000,000	0.361
Mr. Chang Wing Yiu	Beneficial owner	4,000,000	0.361
Mr. Cheung Kwong Kwan	Beneficial owner	4,000,000	0.361
Mr. Ho Yin Sang (<i>Note</i>)	Beneficial owner/ Interest of spouse	7,350,000	0.663
Mr. Cheung Ka Shing	Beneficial owner	4,000,000	0.361
Ms. Ho Kin Fan	Beneficial owner	3,440,000	0.310
Mr. Chen Maosheng	Beneficial owner	660,000	0.060
Mr. Cheung Ming Man	Beneficial owner	300,000	0.027
Dr. Chong Kin Ki	Beneficial owner	300,000	0.027
Mr. Stanley Chung Wai Cheong	Beneficial owner	300,000	0.027
Mr. Chan Wing Kee	Beneficial owner	300,000	0.027

Note: Out of the 7,350,000 Share Options, 4,000,000 were held by Mr. Ho Yin Sang and 3,350,000 Share Options were held by his spouse.

(c) Ordinary shares of HK\$0.10 each (“KLHL Shares”) in KLHL, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of issued KLHL Shares held	Approximate percentage of the issued share capital of KLHL (%)
Mr. Cheung Kwok Wing	Beneficial owner	1,741,500	0.056
Mr. Chang Wing Yiu	Beneficial owner	11,820,000	0.379
Mr. Ho Yin Sang	Beneficial owner	809,000	0.026
Mr. Cheung Ka Shing	Beneficial owner	379,000	0.012
Mr. Cheung Kwong Kwan	Beneficial owner	5,000,000	0.160
Ms. Ho Kin Fan	Beneficial owner	200,000	0.006
Dr. Chong Kin Ki	Interest of spouse	50,000	0.002

(d) Share options of the KLHL ("KLHL Share Options")

Name of Director	Capacity	Interest in underlying KLHL Shares pursuant to the KLHL Share Options	Approximate percentage of the issued share capital of KLHL as at the end of the Reporting Period (%)
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Mr. Ho Yin Sang	Interest of spouse	10,800,000	0.346
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(e) Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, a non-wholly owned subsidiary of the Company

Name of Director	Capacity	Number of non-voting deferred shares held (Note)
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Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chang Wing Yiu	Beneficial owner	423,200
Mr. Cheung Kwong Kwan	Beneficial owner	846,400
Mr. Ho Yin Sang	Beneficial owner	529,000

Note: None of the non-voting deferred shares of Kingboard Laminates Limited are held by the Group. Such deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.

Other than as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2024.

SHARE OPTIONS

Particulars of the share option schemes of the Company and KLHL (including their vesting and exercise period) are set out in Note 13 to the consolidated financial statements.

The following table discloses movements in the Share Options under the share option scheme of the Company during the Period:

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
Directors								
Mr. Cheung Kwok Wing	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Chang Wing Yiu	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Cheung Kwong Kwan	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Ho Yin Sang	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Cheung Ka Shing	23 June 2022	2,000,000	-	-	-	2,000,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	2,000,000	-	-	-	2,000,000	HK\$21.50	28 July 2023 to 27 July 2033
Ms. Ho Kin Fan	23 June 2022	1,720,000	-	-	-	1,720,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	1,720,000	-	-	-	1,720,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Chen Maosheng	23 June 2022	330,000	-	-	-	330,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	330,000	-	-	-	330,000	HK\$21.50	28 July 2023 to 27 July 2033

	Date of grant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2024	Exercise price per share	Exercisable period
Mr. Cheung Ming Man	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033
Dr. Chong Kin Ki	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Chan Wing Kee	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033
Mr. Stanley Chung Wai Cheong	23 June 2022	150,000	-	-	-	150,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	150,000	-	-	-	150,000	HK\$21.50	28 July 2023 to 27 July 2033
Subtotal		<u>25,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,300,000</u>		
Employees	23 June 2022	3,720,000	-	-	-	3,720,000	HK\$30.89	23 June 2022 to 22 June 2032
	28 July 2023	3,390,000	-	-	-	3,390,000	HK\$21.50	28 July 2023 to 27 July 2033
Subtotal		<u>7,110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,110,000</u>		
Total		<u><u>32,410,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>32,410,000</u></u>		
<i>Exercisable at</i>								
1 January 2024		32,410,000						
30 June 2024		<u><u>32,410,000</u></u>						

The following table discloses movements in the KLHL Share Options during the Period:

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, as at 30 June 2024, shareholders who had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests disclosed above in respect of certain Directors, were as follows:

Name of shareholder	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Hallgain Management Limited ("Hallgain") (Note)	Beneficial owner	473,199,200 (L)	42.69 (L)
FMR LLC	Investment manager	106,033,514 (L)	9.57 (L)
FIDELITY PURITAN TRUST	Investment manager	77,538,276 (L)	6.99 (L)

(L) The letter "L" denotes a long position.

Note:

As at 30 June 2024: (i) no shareholder of Hallgain was entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors were not accustomed to act in accordance with any shareholder's direction; and (ii) Mr. Cheung Kwok Wing, being a Director, was also a director of Hallgain.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2024 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report under Appendix C1 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 2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, each Director has confirmed that he or she 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 2024.

By Order of the Board
Kingboard Holdings Limited
Cheung Kwok Wing
Chairman

Hong Kong, 26 August 2024

Board of Directors:

Executive Directors

Mr. Cheung Kwok Wing (*Chairman*)
Mr. Chang Wing Yiu (*Managing Director*)
Mr. Cheung Kwong Kwan
Mr. Ho Yin Sang
Mr. Cheung Ka Shing
Ms. Ho Kin Fan
Mr. Chen Maosheng

Independent Non-Executive Directors

Mr. Cheung Ming Man
Dr. Chong Kin Ki
Mr. Chan Wing Kee
Mr. Stanley Chung Wai Cheong