KB

KINGBOARD HOLDINGS LIMITED
建滔集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 148)

INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2024	**2023**	**Change**
	HK$'million	*HK$'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%	

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

		Six months ended 30 June	
		2024	**2023**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	(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$	*HK$*
		(Unaudited)	(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	1,721,463	1,526,495
Other comprehensive (expenses) income for the period:		
Item that will not be reclassified to profit or loss:		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(692,697)	(1,372,008)
Items that may be reclassified subsequently to profit or loss:		
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	(32,983)	(326,502)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(4,930)	(30,009)
	(31,634)	(354,228)
Other comprehensive expenses for the period	(724,331)	(1,726,236)
Total comprehensive income (expenses) for the period	997,132	(199,741)
Total comprehensive income (expenses) for the period attributable to:		
Owners of the Company	815,414	(109,660)
Non-controlling interests	181,718	(90,081)
	997,132	(199,741)

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2024 *HK$'000* (Unaudited)	31 December 2023 *HK$'000* (Audited)
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
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
		19,823,518	18,923,121
Net current assets		24,247,734	25,252,687
Total assets less current liabilities		79,984,402	80,045,405

	30 June 2024	31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
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
	15,033,509	15,610,783
Net assets	64,950,893	64,434,622
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	64,950,893	64,434,622

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	**PCBs**	**Chemicals**	**Properties**	**Investments**	**Others**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	PCBs	Chemicals	Properties	Investments	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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	8,270,301	5,723,718	5,134,566	1,047,360	237,309	256,973	(1,950,367)	18,719,860
Result								
Segment result	718,816	600,682	170,253	587,373	238,522	(579)		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								45,178
Profit before taxation								1,813,597

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	**2023**
	HK$'000	*HK$'000*
	(Unaudited)	(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
	95,535	149,885

6. Finance costs

	Six months ended 30 June	
	2024	**2023**
	HK$'000	*HK$'000*
	(Unaudited)	(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)
	615,259	503,055

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.

7. Income tax expense – continued

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	1,506,928	1,389,609

	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	1,108,311,736	1,108,624,555

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	**31 December 2023**
	HK$'000	*HK$'000*
	(Unaudited)	(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 has 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
	7,159,629	6,543,486

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

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
	2,946,309	2,790,530

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 was payables for acquisition of property, plant and equipment of HK$167,019,000 (31 December 2023: HK$109,343,000).

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 2024 HK$'million	2023 HK$'million	Change
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EBITDA	3,736.0	3,337.2	+12%
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Interim dividend per share	HK$0.40	HK$0.16	+150%
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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.

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.

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.

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

As at the date of this announcement, the Board consists of Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan, Mr. Ho Yin Sang, Mr. Cheung Ka Shing, Ms. Ho Kin Fan and Mr. Chen Maosheng, being the executive Directors and Mr. Cheung Ming Man, Dr. Chong Kin Ki, Mr. Chan Wing Kee and Mr. Stanley Chung Wai Cheong, being the independent non-executive Directors.