

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

KB

KINGBOARD HOLDINGS LIMITED

建滔集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 148)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS	FY 2023	FY 2022	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Revenue	39,712.5	49,375.9	-20%
EBITDA*	6,139.0	9,445.3	-35%
Profit before tax*	3,025.2	7,050.0	-57%
Net profit attributable to owners of the Company			
– Underlying net profit*	2,274.3	3,882.7	-41%
– Reported net profit	2,063.0	3,655.2	-44%
Basic earnings per share			
– Based on underlying net profit*	HK\$2.052	HK\$3.502	-41%
– Based on reported net profit	HK\$1.861	HK\$3.297	-44%
Dividend per share for the year	HK102 cents	HK105 cents	-3%
– Interim dividend per share	HK16 cents	HK30 cents	-47%
– Special Interim dividend per share	HK50 cents	–	N/A
– Proposed final dividend per share	HK36 cents	HK75 cents	-52%
Net asset value per share	HK\$53.9	HK\$54.2	-1%
Net gearing	29%	20%	

* Excluding:

- (1) In 2023, net loss on fair value changes of investment properties with gross amount of HK\$113.4 million, net amount of HK\$100.1 million after share by non-controlling shareholders and deferred tax (2022: Net loss on fair value changes of investment properties with gross amount of HK\$147.6 million, net amount of HK\$114.8 million after share by non-controlling shareholders and deferred tax).
- (2) In 2023, share-based payments with gross amount of HK\$124 million, net amount of HK\$111.2 million after share of non-controlling shareholders (2022: Share-based payments with gross amount of HK\$125.3 million, net amount of HK\$112.7 million after share of non-controlling shareholders).

The board of directors (the “Board”) of Kingboard Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	2	39,712,499	49,375,901
Cost of sales and services rendered		<u>(32,120,334)</u>	<u>(37,002,817)</u>
Gross profit		7,592,165	12,373,084
Other income, gains and losses	3	318,934	222,718
Distribution expenses		(1,268,398)	(1,407,916)
Administrative expenses		(2,237,760)	(2,334,871)
Gain (loss) on fair value changes of equity instruments at fair value through profit or loss		310,844	(222,507)
Gain on disposal of debt instruments at fair value through other comprehensive income		30,009	114,266
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income		(2,283)	(1,579,000)
Impairment losses under expected credit loss model on loan receivable		(893,907)	–
Net loss on fair value changes of investment properties		(113,434)	(147,559)
Finance costs	4	(1,124,463)	(504,272)
Share of results of joint ventures		85,626	81,481
Share of result of an associate		90,378	181,648
		<u>2,787,711</u>	<u>6,777,072</u>
Profit before taxation		2,787,711	6,777,072
Income tax expense	6	(443,609)	(2,588,518)
		<u>2,344,102</u>	<u>4,188,554</u>
Profit for the year		<u>2,344,102</u>	<u>4,188,554</u>
Profit for the year attributable to:			
Owners of the Company		2,062,971	3,655,220
Non-controlling interests		281,131	533,334
		<u>2,344,102</u>	<u>4,188,554</u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	8		
Basic		<u>1.861</u>	<u>3.297</u>
Diluted		<u>1.861</u>	<u>3.297</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>2,344,102</u>	<u>4,188,554</u>
Other comprehensive (expense) income for the year		
<i>Items that will not be reclassified to profit or loss:</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	<u>(536,964)</u>	<u>(5,344,412)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Investment revaluation reserve:		
Fair value loss on debt instruments at fair value through other comprehensive income	(375,471)	(240,488)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(30,009)	(114,266)
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income included in profit or loss	2,283	1,579,000
Translation reserve:		
Exchange differences arising from translation of foreign operations	<u>–</u>	<u>(11,046)</u>
	<u>(403,197)</u>	<u>1,213,200</u>
Other comprehensive expense for the year	<u>(940,161)</u>	<u>(4,131,212)</u>
Total comprehensive income for the year	<u>1,403,941</u>	<u>57,342</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,182,747	1,272
Non-controlling interests	<u>221,194</u>	<u>56,070</u>
	<u>1,403,941</u>	<u>57,342</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Investment properties		23,801,788	23,449,630
Property, plant and equipment		19,404,999	17,055,297
Right-of-use assets		1,951,478	1,910,795
Goodwill		2,670,528	2,670,528
Intangible assets		34,920	41,400
Interests in an associate		445,132	532,059
Interests in joint ventures		2,473,378	2,369,699
Equity instruments at fair value through profit or loss		2,219,727	1,855,832
Debt instruments at fair value through other comprehensive income		861,970	607,631
Entrusted loans	9	181,352	238,863
Deposits paid for acquisition of property, plant and equipment		744,378	1,313,750
Deferred tax assets		3,068	2,577
		<u>54,792,718</u>	<u>52,048,061</u>
Current assets			
Inventories		3,775,589	3,511,514
Properties held for development		15,419,688	16,896,546
Trade and other receivables and prepayments	9	7,975,716	8,221,655
Bills receivables	9	3,247,158	3,128,233
Loan receivable		721,591	1,880,000
Equity instruments at fair value through profit or loss		8,905,029	4,685,245
Debt instruments at fair value through other comprehensive income		–	22,302
Taxation recoverable		32,626	76,159
Restricted bank deposits		10,089	130,100
Cash and cash equivalents		4,088,322	6,693,336
		<u>44,175,808</u>	<u>45,245,090</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued*At 31 December 2023*

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	6,311,534	6,473,651
Bills payables	<i>10</i>	661,797	650,061
Contract liabilities		1,668,243	2,601,532
Dividends payable		780,607	455,422
Taxation payable		1,352,201	1,682,177
Bank borrowings – amount due within one year		8,145,695	5,269,171
Lease liabilities		3,044	4,478
		<u>18,923,121</u>	<u>17,136,492</u>
Net current assets		<u>25,252,687</u>	<u>28,108,598</u>
Total assets less current liabilities		<u>80,045,405</u>	<u>80,156,659</u>
Non-current liabilities			
Deferred tax liabilities		831,828	978,126
Bank borrowings – amount due after one year		14,776,988	14,477,991
Lease liabilities		1,967	4,711
		<u>15,610,783</u>	<u>15,460,828</u>
Net assets		<u>64,434,622</u>	<u>64,695,831</u>
Capital and reserves			
Share capital		110,831	110,879
Reserves		59,630,530	59,946,776
Equity attributable to owners of the Company		59,741,361	60,057,655
Non-controlling interests		4,693,261	4,638,176
Total equity		<u>64,434,622</u>	<u>64,695,831</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 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, share-based payments, 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.

2. SEGMENT INFORMATION – continued

Segment revenue and results by reportable segments are presented below:

For the year ended 31 December 2023

	Laminates <i>HK\$'000</i>	PCBs <i>HK\$'000</i>	Chemicals <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue								
External sales	13,730,259	11,647,776	10,567,369	2,752,147	530,025	484,923	–	39,712,499
Inter-segment sales	<u>3,452,433</u>	<u>–</u>	<u>631,483</u>	<u>–</u>	<u>–</u>	<u>5,315</u>	<u>(4,089,231)</u>	<u>–</u>
Total	<u>17,182,692</u>	<u>11,647,776</u>	<u>11,198,852</u>	<u>2,752,147</u>	<u>530,025</u>	<u>490,238</u>	<u>(4,089,231)</u>	<u>39,712,499</u>
Result								
Segment results	<u>1,571,625</u>	<u>1,316,141</u>	<u>605,765</u>	<u>496,585</u>	<u>868,864</u>	<u>4,011</u>		4,862,991
Unallocated corporate income								249,190
Unallocated corporate expenses								(358,096)
Impairment losses under expected credit loss model on loan receivable								(893,907)
Finance costs								(1,124,463)
Share-based payments								(124,008)
Share of results of joint ventures								85,626
Share of result of an associate								<u>90,378</u>
Profit before taxation								<u>2,787,711</u>

2. SEGMENT INFORMATION – continued

For the year ended 31 December 2022

	Laminates <i>HK\$'000</i>	PCBs <i>HK\$'000</i>	Chemicals <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue								
External sales	15,835,530	13,183,716	13,186,577	6,261,552	401,109	507,417	–	49,375,901
Inter-segment sales	4,103,036	–	706,800	–	–	14,926	(4,824,762)	–
Total	<u>19,938,566</u>	<u>13,183,716</u>	<u>13,893,377</u>	<u>6,261,552</u>	<u>401,109</u>	<u>522,343</u>	<u>(4,824,762)</u>	<u>49,375,901</u>
Result								
Segment results	<u>2,307,013</u>	<u>1,058,937</u>	<u>2,464,665</u>	<u>2,923,224</u>	<u>(1,286,131)</u>	<u>(1,909)</u>		7,465,799
Unallocated corporate income								53,272
Unallocated corporate expenses								(375,556)
Finance costs								(504,272)
Share-based payments								(125,300)
Share of results of joint ventures								81,481
Share of result of an associate								<u>181,648</u>
Profit before taxation								<u>6,777,072</u>

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

The Group operates principally in the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue from external customers by geographical location of the customers or tenants or in the case of interest income and dividend income, the principal place of business of the debtor or investee:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The PRC (country of domicile)	34,652,221	44,824,413
Other Asian countries (including Thailand, Japan, Korea and Singapore)	2,531,228	2,119,016
Europe	1,853,185	1,470,017
America	<u>675,865</u>	<u>962,455</u>
	<u>39,712,499</u>	<u>49,375,901</u>

No single external customer of the Group contributed over 10% of the Group's revenue for each of the years ended 31 December 2023 and 2022.

3. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income, gains and losses includes:		
Interest income on bank balances and deposits	112,456	63,543
Interest income on entrusted loans	11,939	16,523
Interest income from loan receivable	144,262	159,800
Government grants	59,612	75,056
Loss on disposal and written off of property, plant and equipment	(30,479)	(127,406)
Others	21,144	35,202
	<u>318,934</u>	<u>222,718</u>

4. FINANCE COSTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	1,148,839	527,614
Imputed interest on contract liabilities	–	26,502
Interest on lease liabilities	329	433
Less: Amounts capitalised in the properties held for development	(13,170)	(34,266)
Amounts capitalised in the construction in progress	(11,535)	(16,011)
	<u>1,124,463</u>	<u>504,272</u>

Bank and other borrowing costs capitalised during the year include imputed interest on contract liabilities of HK\$ nil (2022: HK\$26,502,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 5.04% (2022: 3.65%) per annum to expenditure on qualifying assets.

5. DEPRECIATION

During the year, depreciation of approximately HK\$1,930 million (2022: HK\$1,839 million) was charged in respect of the Group's property, plant and equipment.

6. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The amount comprises:		
PRC Enterprise Income Tax (“EIT”)	312,617	1,134,627
PRC Land Appreciation Tax (“LAT”)	40,468	657,683
Hong Kong Profits Tax	12,485	50,422
Taxation arising in other jurisdictions	50,470	42,435
Withholding tax in the PRC	158,841	333,725
Over-provision in previous years	(1,479)	(6,758)
	<u>573,402</u>	<u>2,212,134</u>
Deferred taxation	(129,793)	376,384
	<u>443,609</u>	<u>2,588,518</u>

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 years.

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 (2022: 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 years.

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

7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends declared and/or paid		
2023 Interim dividend of HK16 cents (2022: HK30 cents) per ordinary share	177,330	332,637
2022 Final dividend of HK75 cents (2021: HK244 cents) per ordinary share	831,234	2,705,452
2023 Special interim dividend of HK50 cents per ordinary share (2022: Nil)	554,155	–
	<u>1,562,719</u>	<u>3,038,089</u>
Dividends proposed		
Proposed 2023 Final dividend of HK36 cents (2022: HK75 cents) per ordinary share	<u>398,992</u>	<u>831,594</u>

The final dividend of HK36 cents per ordinary share amounted to HK\$398,992,000 in respect of the year ended 31 December 2023 (2022: final dividend of HK75 cents per ordinary share amounted to HK\$831,594,000 in respect of the year ended 31 December 2022) have been proposed by the Directors and are subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	<u>2,062,971</u>	<u>3,655,220</u>
	Number of shares	
	2023	2022
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,108,464,448	1,108,791,736
Effect of dilutive potential ordinary shares arising from share options	<u>2,412</u>	<u>8,479</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,108,466,860</u>	<u>1,108,800,215</u>

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, ENTRUSTED LOANS AND BILLS RECEIVABLES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	7,634,086	7,989,399
Less: Allowance for credit losses	<u>(1,090,600)</u>	<u>(1,176,760)</u>
Trade receivables, net	6,543,486	6,812,639
Advance to suppliers	202,419	289,233
Entrusted loans (<i>Note</i>)	199,287	261,693
Prepayment and deposits	318,147	327,618
Value added tax recoverables	713,472	535,470
Other receivables	<u>180,257</u>	<u>233,865</u>
	8,157,068	8,460,518
Less: Non-current portion of entrusted loans (<i>Note</i>)	<u>(181,352)</u>	<u>(238,863)</u>
	<u><u>7,975,716</u></u>	<u><u>8,221,655</u></u>

As at 1 January 2022, the gross carrying amount of trade receivables from contracts with customers amounted to HK\$10,836,887,000 with allowance for credit losses of HK\$1,257,523,000.

Note:

The entrusted loans of HK\$199,287,000 (2022: HK\$261,693,000) are due from certain purchasers of properties developed by the Group in the PRC through four (2022: four) commercial banks in the PRC (the “Lending Agents”). The entrusted loans carry interest at variable rates ranging from 3.43% to 4.9% (2022: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (2022: 2034). The purchasers of the Group’s properties has pledged to the Lending Agents the respective properties purchased. These properties are located in Kunshan, PRC.

As at 31 December 2023, entrusted loans amounting to HK\$181,352,000 (2022: HK\$238,863,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

The Group allows credit period of up to 120 days (2022: 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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	5,568,742	5,862,296
91-120 days	736,458	661,031
121-150 days	145,090	201,107
151-180 days	23,904	27,241
Over 180 days	<u>69,292</u>	<u>60,964</u>
	<u><u>6,543,486</u></u>	<u><u>6,812,639</u></u>

Bills receivables of the Group are all aged within 90 days (2022: 90 days) based on invoice date at the end of the reporting period.

10. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	2,082,362	2,257,104
91–180 days	369,882	412,482
Over 180 days	338,286	265,788
	<u>2,790,530</u>	<u>2,935,374</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 (2022: 90 days) at the end of the reporting period. Included in bills payables as at 31 December 2022 was payables for acquisition of property, plant and equipment of HK\$109,343,000 (2022: HK\$32,697,000).

BUSINESS REVIEW

On behalf of the board of directors (the “Board”), I am delighted to report the full-year results of Kingboard Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2023 (the “Period”). During the Period, geopolitical conflicts persisted while inflation and interest rates remained high, leading to weak consumer confidence that impacted various industries. Despite facing complex market challenges, the Kingboard team persevered and achieved satisfactory results against a backdrop of weak market conditions and a high-cost environment. This was made possible by leveraging the competitive advantages of the Group’s vertically integrated supply chain and a diversified business portfolio. After deducting allowances for credit loss of a loan to Country Garden Holdings Company Limited made by the Group, in the amount of HK\$893.9 million, and that for impairment loss (net of deferred tax) for the unsold residential properties in eastern China held by the Group, in the amount of HK\$414.8 million, the Group reported an underlying net profit of over HK\$2,200 million. The Period saw the majority of printed circuit board factories on the Chinese Mainland recording low utilisation rates. However, the Group’s Printed Circuit Boards (“PCBs”) Division, with its balanced market segment portfolio and continuous expansion, defied this trend and achieved near-full utilisation rates in its factories, resulting in increased segment earnings. The Property Division’s rental portfolio also delivered a stable cash inflow, attributable to a rise in occupancy rates, the consecutive expiration of rent-free periods, and the contribution of Two London Wall Place, a commercial tower acquired by the Group in June 2022. As a result, the Property Division experienced steady growth in rental income.

The Group’s revenue decreased 20% compared with the same period last year, to HK\$39,712.5 million for the Period. The revenue drop was attributable to declines in the selling prices of laminates and chemical products, as well as a decrease in the handover of residential properties. Underlying net profit attributable to the owners of the Company (excluding non-recurring items) decreased by 41% to HK\$2,274.3 million.

The Group maintained a robust financial position. The Board has therefore proposed a final dividend of HK36 cents, subject to approval by shareholders meeting of the Company.

FINANCIAL HIGHLIGHTS

	FY 2023 <i>HK\$'million</i>	FY 2022 <i>HK\$'million</i>	Change
Revenue	39,712.5	49,375.9	-20%
EBITDA*	6,139.0	9,445.3	-35%
Profit before tax*	3,025.2	7,050.0	-57%
Net profit attributable to owners of the Company			
– Underlying net profit*	2,274.3	3,882.7	-41%
– Reported net profit	2,063.0	3,655.2	-44%
Basic earnings per share			
– Based on underlying net profit*	HK\$2.052	HK\$3.502	-41%
– Based on reported net profit	HK\$1.861	HK\$3.297	-44%
Dividend per share for the year	HK102 cents	HK105 cents	-3%
– Interim dividend per share	HK16 cents	HK30 cents	-47%
– Special interim dividend per share	HK50 cents	–	N/A
– Proposed final dividend per share	HK36 cents	HK75 cents	-52%
Net asset value per share	HK\$53.9	HK\$54.2	-1%
Net gearing	29%	20%	

* Excluding:

- (1) In 2023, net loss on fair value changes of investment properties with gross amount of HK\$113.4 million, net amount of HK\$100.1 million after share by non-controlling shareholders and deferred tax (2022: Net loss on fair value changes of investment properties with gross amount of HK\$147.6 million, net amount of HK\$114.8 million after share by non-controlling shareholders and deferred tax).
- (2) In 2023, share-based payments with gross amount of HK\$124 million, net amount of HK\$111.2 million after share of non-controlling shareholders (2022: Share-based payments with gross amount of HK\$125.3 million, net amount of HK\$112.7 million after share of non-controlling shareholders).

PERFORMANCE

Laminates Division: During the period, the decline in electronics industry demand, coupled with the overall expansion in laminates production capacity over the previous two years, has led to excess capacity in the industry. Despite the resulting intense market competition, the Group has successfully leveraged its vertically integrated supply chain, continuous technological enhancements, and stringent cost control, to strengthen its competitive position. Together with active new business development and end customer certification, the Group now commands a broader and more diversified clientele network, enabling the division to achieve an annual sales volume of 100 million sheets, representing a 3% increase from 2022. Furthermore, the Laminates Division has actively expanded into new market areas, optimizing its product portfolio with significant growth in the sales of high-end, high-value-added products. However, segment revenue (including inter-segment sales) was adversely affected by the general decline in laminate selling prices, and recorded a decrease of 14% to HK\$17,182.7 million. Fierce competition in the industry during the Period, with selling prices dropping more steeply than production costs, resulted in a year-on-year decrease in gross profit margin, leading many industry participants to incur losses in 2023. Nevertheless, with its experienced management team's continuous efforts to raise efficiency and reduce energy consumption through technological enhancements, and to achieve labour cost savings by increasing automation at its facilities, the Group has effectively buffered the pressure brought by the decline in gross profit margin. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 20% to HK\$2,486 million.

PCBs Division: The division continually seeks to expand its sales in various market segments, including the automobile, telecommunications and consumer electronics sectors. At the same time, the division has continued to recruit high-quality management and professional technical talents, and to invest in advanced equipment to set up highly automated production lines at its facilities. As a result, the division has achieved solid progress in the development of high-end PCBs, building a higher-value-added product portfolio. Making the market and efficiency top priority, the division has adopted a modern manufacturing execution system (MES) and implemented full-process precise quality traceability and analysis, to further improve production efficiency and product quality. The PCBs Division benefited from lower costs of its core raw material, as laminate prices dropped as compared to 2022. This, coupled with the management's continued efforts in driving technological enhancement and production automation to raise efficiency and reduce costs, has helped deliver a 17% increase in EBITDA to HK\$2,027.7 million despite a 12% decrease in segment revenue to HK\$11,647.8 million.

Chemicals Division: The drop of selling prices of chemical products in 2023 as compared to 2022 had an adverse impact on the overall performance of the Chemicals Division. Segment revenue (including inter-segment sales) reported a 19% decrease to HK\$11,198.9 million. EBITDA was down by 68% to HK\$896.4 million.

Property Division: The Property Division recorded a 74% decline in revenue from property sales to HK\$1,281.7 million due to reduced delivery of residential properties. Rental income increased 14% to HK\$1,470.5 million, on the back of higher occupancy rates and the expiration of rent-free periods, as well as the contribution from Two London Wall Place, a commercial tower acquired by the Group in June 2022. The segment revenue of the Property Division decreased 56% to HK\$2,752.2 million, with EBITDA also decreasing by 62% to HK\$1,161.3 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position remained robust. As at 31 December 2023, Group net current assets and current ratio (i.e. current assets divided by current liabilities) were HK\$25,252.7 million (31 December 2022: HK\$28,108.6 million) and 2.33 (31 December 2022: 2.64) respectively.

The net working capital cycle increased to 65 days as at 31 December 2023 from 50 days as at 31 December 2022 on the following key metrics:

- Inventories, in terms of stock turnover days, were 43 days (31 December 2022: 35 days).
- Trade receivables, in terms of debtor turnover days, were 60 days (31 December 2022: 50 days).
- Trade and bills payable (excluding bills payable for properties, plant and equipment), in terms of creditor turnover days, were 38 days (31 December 2022: 35 days).

The Group's net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 29% (31 December 2022: 20%). The proportion of short-term to long-term bank borrowings stood at 36%:64% (31 December 2022: 27%:73%). During the Period, the Group invested approximately HK\$4,200 million on new production capacity and approximately HK\$840 million on property construction expenses. Leveraging on the management team's ample professional experience, the Group strongly believes these investments will create stable and solid returns for shareholders in the long run. During the Period, the Group continued to adopt a prudent financial management policy, and did not enter into any material derivative financial instruments, nor did the Group 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 maintains adequate financial resources in reserve to meet future market expansion needs. During the Period, the Group successfully signed a 5-year sustainability-linked loan facility agreement with more than 10 major international and local banks. The syndicated facility received an overwhelming response from the market and was significantly oversubscribed. The final size of the loan came to HK\$7 billion, reflecting the Group's efforts towards its sustainability goals, as well as the banking industry's trust and support of the Group's environmental, social and governance (ESG) work.

HUMAN RESOURCES

As at 31 December 2023, the Group employed a global workforce of approximately 34,000 (31 December 2022: 35,000). Acknowledging the importance of staff members, the Group continues to prioritize sound human resources management and planning, which in turn drives satisfactory financial performance. In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance. Kingboard Management Academy, established by the Group, has actively nurtured mid-rank and senior management personnel over the years. Furthermore, the Group recruits and nurtures several hundred promising university graduates from the Chinese Mainland, Hong Kong and Taiwan every year. The Group will continue to implement talent development programmes to inject new vitality into future long-term growth, maximizing its potential and reach.

PROSPECTS

Echoing the state's aim for peak carbon dioxide by 2030 and carbon neutrality by 2060, the Group is adopting a professional and systematic approach to establish distributed solar photovoltaic power projects in all buildable area within the facilities in stages. As of 31 December 2023, the project has received a total investment of HK\$480 million, generating 100 million kWh of green electricity per year, equivalent to annual energy saving of 27,000 tons of standard coal, reducing carbon dioxide emissions by 60,000 tons, and saving HK\$90 million of electricity expenses when calculated according to the market price. As of 31 December 2024, the project will receive an estimated total investment of approximately HK\$900 million, expecting to generate 200 million kWh of green electricity per year, equivalent to annual energy saving of 54,000 tons of standard coal, reducing carbon dioxide emissions by 120,000 tons, and saving HK\$180 million of electricity expenses when calculated according to the market price. Besides, with about HK\$130 million invested in thermal energy recovery equipment to reduce 44,000 tons of carbon dioxide emissions annually, equivalent to annual energy saving of 18,000 tons of standard coal, the Group saves about HK\$140 million in expenses annually, totally saving more than HK\$300 million, bringing long-term benefits. Making use of the advanced and low-energy-consuming carbon capture technology developed by the School of Environment, Tsinghua University, the Hebei acetic acid project is designed to capture 200,000 tonnes of carbon dioxide to use at the production for acetic acid per year, equivalent to annual energy saving of 81,000 tons of standard coal, moving forward the Group's pledge of being a green corporation. These efforts reflect the Group's dedication to achieving the sustainable development goals under its ESG mission. Stepping into 2024, with consumer sentiment and business confidence gradually improving, it is expected that the Group's business segments will demonstrate a positive development trend. The Group will continue to strengthen cash flow management, and tightly control fixed asset investments and operating costs. Building on its solid 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 be in place as the Group works to boost technological impetus and proactively deploy big data management to enhance operational efficiency. The Group will also continue to focus on research and development upgrades, safe production, and improving environmental performance, promoting new-quality productivity in order to achieve high-quality sustainable development.

Laminates Division: Inventories of PCBs makers and end-user customers have substantially been cleared up after a downward cycle of nearly two years. Export orders are gradually picking up, with rapid growth in demand for new energy vehicles and peripheral products such as charging stations, the popularization of photovoltaics and other clean energy sources, and widespread application of artificial intelligence (AI) and big data technologies. It is expected that the laminates market will gradually stabilise and rebound. The Group has completed the development of low dielectric constant/low thermal expansion coefficient products for AI computing applications. These products have a high proportion of domestic materials and are currently undergoing comprehensive testing with customers. In line with the demands of the Group's PCBs production and the industry, the products are actively being introduced to the market. Furthermore, raw material prices have been consistently dropping during this market downturn. While this trend has put tremendous price pressure on the Group's inventory materials, it is worth noting that almost all raw materials used in laminates production, save for copper, have now reached extremely low price points. This is set to improve the Group's gross profit margin in 2024. All business units remain steadfast in their commitment to upholding high quality standards while maintaining effective cost controls. It is also anticipated that the years of research and development invested in by the Group will gradually yield positive results. Moving forward, the division will continue to collaborate with premium customers, working together towards the certification of high-end products by end customers. The Group has plans to expand its laminates monthly capacities in Thailand in 2024 by 400,000 sheets to cope with the development pace.

PCBs Division: The Group possesses multifaceted advantages that target segments such as automotive, telecommunications, and consumer electronics. These include supreme craftsmanship, comprehensive certification and excellent quality. Currently, the division has a robust order pipeline, with a notable demand for PCBs in new energy vehicle and photovoltaic applications. The division is continuously evolving towards higher technical content, focusing on areas like high aspect ratio and high precision alignment. These ongoing efforts aim to build a portfolio of higher-value-added products whilst forging a closer collaborative ecosystem with customers. In order to embrace the explosive development of AI, we have increased investment and technical reserves in high-aspect-ratio electroplating technology, advanced back-drilling technology, heavy copper PCBs manufacturing capability, and the use of ultra-high-speed materials. The Group is also actively investing in new technologies, particularly in the areas of 6G mobile telecommunications, high-speed servo, 4D imaging mmwave radar for vehicles, and high-voltage fast charging. The division is committed to strengthening the core competitiveness of its various PCB brands, namely Elec & Eltek, Techwise Circuits and Express Electronics. In order to increase the industry penetration of Kingboard's PCBs, the division plans to bring in an additional 200,000 square feet of monthly capacity for multi-layered PCBs in Thailand in 2024.

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 strive to enhance production efficiency and optimise resources utilisation to reduce energy consumption. The majority of the division’s phenol acetone and Bisphenol A output is driven by the demand for engineering-grade plastic materials used to lower the weight of new energy vehicles, photovoltaic film applied to solar power generators, and electric cables and wing paddles in wind turbines. To meet this growing demand, the annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, was commissioned in the second half of 2023, while the annual 240,000-tonne Bisphenol A project also went into production in the first half of 2024. Acetic acid is another major chemical that has a wide range of applications. As the downstream market grows, there has been a corresponding increase in demand for acetic acid. To this end, plans are underway to build an acetic acid project in Xingtai City, Hebei Province, with an annual capacity of 800,000 tonnes. The project will also adopt the advanced and energy-efficient carbon capture technology developed by the School of Environment, Tsinghua University. This new project will enable the Group to 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: With a portfolio of development properties invested in and mainly funded internally by the Group over the past few years, and the sales of completed residential properties primarily with no project loans attached currently, the division was therefore able to successfully mitigate the challenges in the Mainland property market. Adhering to the division’s cautious 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 recording steady growth in rental income, which is estimated to exceed 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 influx of stable cash flow 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 employees for their unwavering support to the Group over the past year.

FINAL DIVIDEND

The proposed final dividend of HK36 cents per share, the payment of which is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 27 May 2024 (“2024 AGM”), is to be payable on Friday, 5 July 2024 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 18 June 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of the Members of the Company will be closed during the following periods:

- (i) From Wednesday, 22 May 2024 to Monday, 27 May 2024, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Tuesday, 21 May 2024; and
- (ii) From Friday, 14 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Thursday, 13 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 year ended 31 December 2023.

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 year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2023, the Company repurchased 500,000 Shares on the Stock Exchange for an aggregate consideration of HK\$11,926,075 before expenses pursuant to the share buy-back mandate approved by our shareholders at the annual general meeting held on May 23, 2022. All of the repurchased Shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Date of repurchase	Purchase consideration per share		No. of shares repurchased	Aggregate consideration HK\$
	Highest price paid HK\$	Lowest price paid HK\$		
April 20, 2023	24.35	24.05	50,000	1,210,775
April 21, 2023	24.45	24.45	50,000	1,222,500
April 24, 2023	24.60	24.35	50,000	1,221,975
April 25, 2023	24.10	23.90	50,000	1,201,900
April 26, 2023	23.20	22.95	50,000	1,151,800
April 27, 2023	23.45	23.15	50,000	1,167,000
April 28, 2023	24.05	23.75	50,000	1,192,600
May 2, 2023	23.65	23.50	50,000	1,181,250
May 3, 2023	23.70	23.40	50,000	1,179,325
May 4, 2023	24.15	23.80	50,000	1,196,950
Total			<u>500,000</u>	<u>11,926,075</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2023.

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 audited annual financial statements of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 18 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 18 March 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.