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# 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 2021

FINANCIAL HIGHLIGHTS	FY 2021	FY 2020	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
<b>Revenue</b>	56,755.3	43,510.3	+30%
<b>EBITDA*</b>	17,559.9	10,059.2	+75%
<b>Profit before tax*</b>	15,338.1	7,912.1	+94%
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	10,565.4	4,685.8	+125%
– Reported net profit	10,778.0	4,702.9	+129%
<b>Basic earnings per share</b>			
– Based on underlying net profit*	HK\$9.537	HK\$4.241	+125%
– Based on reported net profit	HK\$9.729	HK\$4.257	+129%
<b>Dividend per share for the year</b>	HK300 cents	HK228 cents	+32%
– Interim dividend per share	HK56 cents	HK28 cents	+100%
– Proposed final dividend per share	HK244 cents	HK100 cents	+144%
– Proposed special final dividend per share	–	HK100 cents	N/A
<b>Net asset value per share</b>	HK\$56.8	HK\$50.5	+12%
<b>Net gearing</b>	19%	18%	

\* Excluding:

- (1) Gain on fair value changes of investment properties with gross amount of HK\$14.4 million, net amount of HK\$10.8 million after share of non-controlling shareholders and deferred tax (2020: Loss on fair value changes of investment properties with gross amount of HK\$5.4 million, net amount of HK\$5.2 million after share of non-controlling shareholders and deferred tax).
- (2) Gain on disposal of a subsidiary with gross amount of HK\$224.2 million, net amount of HK\$201.8 million after tax (2020: Gain on disposal of subsidiaries with gross amount of HK\$29.8 million, net amount of HK\$22.4 million after share of non-controlling shareholders and tax).

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 2021 together with the comparative figures for the year ended 31 December 2020 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	2	56,755,274	43,510,274
Cost of sales and services rendered		<u>(37,933,659)</u>	<u>(31,283,450)</u>
Gross profit		18,821,615	12,226,824
Other income, gains and losses	3	(71,523)	96,969
Distribution costs		(1,342,586)	(1,165,401)
Administrative costs		(2,382,744)	(1,992,291)
Gain (loss) on fair value changes of equity instruments at fair value through profit or loss		210,029	(978,285)
Gain on disposal of debt instruments at fair value through other comprehensive income		117,086	106,245
Gain (loss) on fair value changes of investment properties		14,388	(5,437)
Gain on disposal of subsidiaries	11	224,180	29,776
Finance costs	4	(275,481)	(457,179)
Share of results of joint ventures		83,829	77,868
Share of result of an associate		<u>177,867</u>	<u>(2,673)</u>
Profit before taxation		15,576,660	7,936,416
Income tax expense	6	<u>(3,022,599)</u>	<u>(2,108,063)</u>
Profit for the year		<u>12,554,061</u>	<u>5,828,353</u>
Profit for the year attributable to:			
Owners of the Company		10,778,032	4,702,884
Non-controlling interests		<u>1,776,029</u>	<u>1,125,469</u>
		<u>12,554,061</u>	<u>5,828,353</u>
		HK\$	HK\$
Earnings per share	8		
Basic		<u>9.729</u>	<u>4.257</u>
Diluted		<u>9.724</u>	<u>4.252</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>12,554,061</u>	<u>5,828,353</u>
Other comprehensive (expense) income for the year:		
<i>Items that will not be reclassified to profit or loss:</i>		
Investment revaluation reserve:		
Fair value loss on equity instruments at fair value through other comprehensive income	–	(162,918)
Translation reserve:		
Exchange differences arising from translation to presentation currency	<u>1,120,474</u>	<u>3,658,394</u>
	<u>1,120,474</u>	<u>3,495,476</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	(1,278,432)	(38,148)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(117,086)	(106,245)
Translation reserve:		
Exchange differences arising from translation of foreign operations	<u>36,547</u>	<u>13,268</u>
	<u>(1,358,971)</u>	<u>(131,125)</u>
Other comprehensive (expense) income for the year	<u>(238,497)</u>	<u>3,364,351</u>
Total comprehensive income for the year	<u>12,315,564</u>	<u>9,192,704</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	10,453,054	7,804,070
Non-controlling interests	<u>1,862,510</u>	<u>1,388,634</u>
	<u>12,315,564</u>	<u>9,192,704</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		21,820,016	20,053,947
Property, plant and equipment		15,598,376	14,576,075
Right-of-use assets		1,840,942	1,736,680
Goodwill		2,670,528	2,670,528
Intangible assets		47,880	54,360
Interests in an associate		563,247	369,314
Interests in joint ventures		2,598,657	2,609,520
Equity instruments at fair value through profit or loss		4,403,025	3,327,715
Debt instruments at fair value through other comprehensive income		617,950	1,741,763
Loan receivable		1,880,000	–
Entrusted loans	9	331,126	398,241
Deposits paid for acquisition of property, plant and equipment		1,176,731	150,858
Deferred tax assets		2,294	2,667
		<u>53,550,772</u>	<u>47,691,668</u>
<b>Current assets</b>			
Inventories		3,913,206	3,010,897
Properties held for development		19,675,817	19,842,807
Trade and other receivables and prepayments	9	11,474,250	8,953,048
Bills receivables	9	5,103,644	3,768,013
Loan receivable		–	600,000
Equity instruments at fair value through profit or loss		4,139,071	2,333,796
Debt instruments at fair value through other comprehensive income		416,505	461,584
Taxation recoverable		30,146	18,468
Bank balances and cash		5,512,357	6,568,857
		<u>50,264,996</u>	<u>45,557,470</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued***At 31 December 2021*

		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	7,046,191	6,538,122
Bills payables	<i>10</i>	728,144	377,036
Contract liabilities		5,301,996	3,789,029
Dividends payable		866,769	1,930,710
Taxation payable		2,161,015	1,880,064
Bank borrowings – amount due within one year		10,737,949	8,612,099
Lease liabilities		3,969	4,212
		<u>26,846,033</u>	<u>23,131,272</u>
Net current assets		<u>23,418,963</u>	<u>22,426,198</u>
Total assets less current liabilities		<u>76,969,735</u>	<u>70,117,866</u>
Non-current liabilities			
Deferred tax liabilities		612,023	690,621
Bank borrowings – amount due after one year		7,667,985	8,618,747
Lease liabilities		6,434	9,792
		<u>8,286,442</u>	<u>9,319,160</u>
		<u>68,683,293</u>	<u>60,798,706</u>
Capital and reserves			
Share capital		110,879	110,579
Reserves		62,906,293	55,754,324
Equity attributable to owners of the Company		63,017,172	55,864,903
Non-controlling interests		5,666,121	4,933,803
Total equity		<u>68,683,293</u>	<u>60,798,706</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”). 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.

**Amendments to HKFRSs that are mandatorily effective for the current year**

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

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year 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 profit or loss represents the profit (loss) earned by each segment with certain items not included (share of result of an associate, share of results of joint ventures, gain on disposal of subsidiaries, finance costs 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 2021

	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	24,349,097	13,600,778	15,254,057	2,375,032	598,263	578,047	–	56,755,274
Inter-segment sales	4,856,646	–	1,123,194	–	–	10,894	(5,990,734)	–
Total	<u>29,205,743</u>	<u>13,600,778</u>	<u>16,377,251</u>	<u>2,375,032</u>	<u>598,263</u>	<u>588,941</u>	<u>(5,990,734)</u>	<u>56,755,274</u>
Result								
Segment results	<u>8,319,819</u>	<u>1,056,506</u>	<u>3,976,326</u>	<u>1,531,604</u>	<u>925,375</u>	<u>(94,944)</u>		15,714,686
Gain on disposal of subsidiaries								224,180
Unallocated corporate income								72,694
Unallocated corporate expenses								(421,115)
Finance costs								(275,481)
Share of results of joint ventures								83,829
Share of result of an associate								<u>177,867</u>
Profit before taxation								<u>15,576,660</u>

## 2. SEGMENT INFORMATION – continued

### For the year ended 31 December 2020

	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	13,931,952	10,551,111	9,910,485	8,332,128	349,886	434,712	–	43,510,274
Inter-segment sales	<u>2,660,970</u>	<u>–</u>	<u>648,370</u>	<u>–</u>	<u>–</u>	<u>9,679</u>	<u>(3,319,019)</u>	<u>–</u>
Total	<u>16,592,922</u>	<u>10,551,111</u>	<u>10,558,855</u>	<u>8,332,128</u>	<u>349,886</u>	<u>444,391</u>	<u>(3,319,019)</u>	<u>43,510,274</u>
Result								
Segment results	<u>3,312,673</u>	<u>1,066,321</u>	<u>1,156,980</u>	<u>3,516,996</u>	<u>(517,717)</u>	<u>34,487</u>		8,569,740
Gain on disposal of subsidiaries								29,776
Unallocated corporate income								57,347
Unallocated corporate expenses								(338,463)
Finance costs								(457,179)
Share of results of joint ventures								77,868
Share of result of an associate								<u>(2,673)</u>
Profit before taxation								<u>7,936,416</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC (country of domicile)	51,264,380	39,249,965
Other Asian countries (including Thailand, Japan, Korea and Singapore)	2,829,299	2,096,079
Europe	1,688,712	1,506,308
America	<u>972,883</u>	<u>657,922</u>
	<u>56,755,274</u>	<u>43,510,274</u>

No single external customer of the Group contributed over 10% of the Group's revenue for each of the years ended 31 December 2021 and 2020.



### 3. OTHER INCOME, GAINS AND LOSSES

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income, gains and losses includes:		
Interest income on bank balances and deposits	40,728	58,960
Interest income on entrusted loans	18,771	22,333
Interest income from loan receivable	33,386	45,682
Government grants	81,157	84,692
Loss on disposal and written off of property, plant and equipment	(197,802)	(91,624)
Others	(47,763)	(23,074)
	<u>(71,523)</u>	<u>96,969</u>

### 4. FINANCE COSTS

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	320,733	499,273
Imputed interest on contract liabilities	19,103	41,758
Interest on lease liabilities	577	597
Less: Amounts capitalised in the properties held for development	(50,883)	(80,168)
Amounts capitalised in the construction in progress	(14,049)	(4,281)
	<u>275,481</u>	<u>457,179</u>

Bank and other borrowing costs capitalised during the year include imputed interest on contract liabilities of HK\$19,103,000 (2020: HK\$41,758,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.91% (2020: 2.92%) per annum to expenditure on qualifying assets.

### 5. DEPRECIATION

During the year, depreciation of approximately HK\$1,894 million (2020: HK\$1,636 million) was charged in respect of the Group's property, plant and equipment.

## 6. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
The amount comprises:		
PRC Enterprise Income Tax("EIT")	2,716,917	1,227,159
PRC Land Appreciation Tax ("LAT")	123,132	361,356
Hong Kong Profits Tax	32,795	219,757
Taxation arising in other jurisdictions	32,461	22,309
Withholding tax in the PRC	225,714	273,193
(Over)Underprovision in previous years	(29,917)	2,858
	<u>3,101,102</u>	<u>2,106,632</u>
Deferred taxation	(78,503)	1,431
	<u>3,022,599</u>	<u>2,108,063</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 2023 (2020: 2022).

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 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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>Dividends declared and/or paid</b>		
2021 Interim dividend of HK56 cents (2020: HK28 cents) per ordinary share	620,924	309,618
2020 Final dividend of HK100 cents (2019: HK60 cents) per ordinary share	1,107,292	662,430
2020 Special final dividend of HK100 cents (2019: HK50 cents) per ordinary share	<u>1,107,292</u>	<u>552,025</u>
	<u><b>2,835,508</b></u>	<u><b>1,524,073</b></u>
<b>Dividends proposed</b>		
Proposed 2021 Final dividend of HK244 cents (2020: HK100 cents) per ordinary share	2,705,452	1,105,792
Proposed 2020 Special final dividend of HK100 cents per ordinary share	<u>–</u>	<u>1,105,792</u>
	<u><b>2,705,452</b></u>	<u><b>2,211,584</b></u>

The final dividend of HK244 cents per ordinary share amounted to HK\$2,705,452,000 in respect of the year ended 31 December 2021 (2020: final dividend of HK100 cents and the special final dividend of HK100 cents per ordinary share amounted to HK\$1,105,792,000 and HK\$1,105,792,000 respectively in respect of the year ended 31 December 2020) have been proposed by the directors of the Company 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:

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	<u>10,778,032</u>	<u>4,702,884</u>
	<b>Number of shares</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,107,797,215	1,104,852,097
Effect of dilutive potential ordinary shares arising from share options	<u>546,129</u>	<u>1,168,976</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,108,343,344</u>	<u>1,106,021,073</u>

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Trade receivables	10,836,887	8,532,641
Less: Allowance for credit losses	<u>(1,257,523)</u>	<u>(1,171,133)</u>
Trade receivables, net	9,579,364	7,361,508
Advance to suppliers	563,151	400,161
Entrusted loans ( <i>Note</i> )	359,006	431,771
Prepayment and deposits	575,712	581,777
Value added tax recoverables	480,584	435,787
Other receivables	<u>247,559</u>	<u>140,285</u>
	11,805,376	9,351,289
Less: Non-current portion of entrusted loans ( <i>Note</i> )	<u>(331,126)</u>	<u>(398,241)</u>
	<u>11,474,250</u>	<u>8,953,048</u>

*Note:*

The entrusted loans of HK\$359,006,000 (2020: HK\$431,771,000) are due from certain purchasers of properties developed by the Group in the PRC through four (2020: four) commercial banks in the PRC (the “Lending Agents”). The entrusted loans carry interest at variable rates ranging from 3.43% to 5.39% (2020: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (2020: 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 2021, entrusted loans amounting to HK\$331,126,000 (2020: HK\$398,241,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current assets.

**9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, ENTRUSTED LOANS AND BILLS RECEIVABLES – continued**

The Group allows credit period of up to 120 days (2020: 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:

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	8,088,409	6,306,076
91–120 days	827,309	538,622
121–150 days	464,477	341,673
151–180 days	115,439	88,230
Over 180 days	83,730	86,907
	<u>9,579,364</u>	<u>7,361,508</u>

Bills receivables of the Group are all aged within 90 days (2020: 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:

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	2,530,420	2,333,350
91–180 days	508,466	470,960
Over 180 days	393,073	350,693
	<u>3,431,959</u>	<u>3,155,003</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 (2020: 90 days) at the end of the reporting period. Included in bills payables as at 31 December 2021 was payables for acquisition of property, plant and equipment of HK\$30,633,000 (2020: HK\$18,420,000).

**11. GAIN ON DISPOSAL OF SUBSIDIARIES**

On 29 January 2021, the Group disposed of its entire equity interest in a subsidiary, Huaian Kingboard Garden Real Estate Co. Ltd. (淮安建滔裕花園置業有限公司), a subsidiary holding the properties held for development in the PRC, to an independent third party for a cash consideration of RMB212,353,000 (equivalent to approximately HK\$255,764,000) with a gain of HK\$224,180,000.

## **BUSINESS REVIEW**

On behalf of the board of directors (the “Board”), I am delighted to report the best ever full-year performance on record of Kingboard Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the financial year ended 31 December 2021 (the “Period”). Reported net profit attributable to the shareholders of the Company broke through the milestone of HK\$10,000 million and reached HK\$10,778 million.

In 2021, the recovery of the global economy accelerated with a spike in the demand for major commodities and a bullish performance in the retail market. On the back of the competitive edges of the Group’s operating model featuring a vertically integrated value chain and a diversified business portfolio, coupled with the industriousness, stamina and concerted effort from top to bottom in Kingboard, the Group’s business grew by leaps and bounds and each core unit obtained excellent results.

During the Period, the Group adopted a proactive sales and marketing strategy to capture the upsurge in the demand for consumer electronics across the globe, whilst deepening and widening cooperation with clients, in order to make full use of the vertically integrated model that the Laminates Division runs on, and the synergy and collaboration between the Laminates and Printed Circuit Boards (“PCBs”) Divisions. Both divisions achieved fruitful results with regard to sales volume and product pricing. Benefiting from substantial market demand, major chemical products in the Chemicals Division, represented by acetic acid, caustic soda and Bisphenol A, recorded considerable price increases, driving the division’s strong results. The Property Division saw stable performance in both residential pre-sale and rental income. With each division working together to produce impressive results, the Group’s diversified business portfolio is working to its advantage.

During the Period, revenue of the Group rose 30% to HK\$56,755.3 million, posting an underlying net profit (excluding non-recurring items) of HK\$10,565.4 million, up significantly by 125%. The Group maintained a robust financial position, and the Board has therefore proposed a final dividend of HK244 cents per share, subject to approval by the shareholders of the Company.

## FINANCIAL HIGHLIGHTS

	<b>FY 2021</b> <i>HK\$'million</i>	<b>FY 2020</b> <i>HK\$'million</i>	<b>Change</b>
<b>Revenue</b>	56,755.3	43,510.3	+30%
<b>EBITDA*</b>	17,559.9	10,059.2	+75%
<b>Profit before tax*</b>	15,338.1	7,912.1	+94%
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	10,565.4	4,685.8	+125%
– Reported net profit	10,778.0	4,702.9	+129%
<b>Basic earnings per share</b>			
– Based on underlying net profit*	HK\$9.537	HK\$4.241	+125%
– Based on reported net profit	HK\$9.729	HK\$4.257	+129%
<b>Dividend per share for the year</b>	HK300 cents	HK228 cents	+32%
– Interim dividend per share	HK56 cents	HK28 cents	+100%
– Proposed final dividend per share	HK244 cents	HK100 cents	+144%
– Proposed special final dividend per share	–	HK100 cents	N/A
<b>Net asset value per share</b>	HK\$56.8	HK\$50.5	+12%
<b>Net gearing</b>	19%	18%	

\* Excluding:

- (1) Gain on fair value changes of investment properties with gross amount of HK\$14.4 million, net amount of HK\$10.8 million after share of non-controlling shareholders and deferred tax (2020: Loss on fair value changes of investment properties with gross amount of HK\$5.4 million, net amount of HK\$5.2 million after share of non-controlling shareholders and deferred tax).
- (2) Gain on disposal of a subsidiary with gross amount of HK\$224.2 million, net amount of HK\$201.8 million after tax (2020: Gain on disposal of subsidiaries with gross amount of HK\$29.8 million, net amount of HK\$22.4 million after share of non-controlling shareholders and tax).

## PERFORMANCE

**Laminates Division:** In possession of a sound vertical production model, the division leads the industry in terms of scale and technological benchmark of laminates and upstream products such as glass yarn, glass fabric, copper foil and epoxy resins. During the Period, consumer electronics blossomed with demand soaring, injecting strong momentum into the demands for laminates and their upstream materials. Orders for laminates remained at a high level with a total of 124 million sheets sold throughout the year, marking an increase of 6 million sheets from 2020 and an all-time record. In the meantime under a demand pull, the Group's upstream materials experienced shortages to varying degrees, driving multiple price increases for materials and subsequently for laminates. While the supply of raw materials was under strain, the division enjoyed in-house upstream capability for copper foil, glass yarn, glass fabric and epoxy resins. This allowed the division to exploit the upper hand with vertical integration in bringing about a marked increase in margin. Segment revenue (including inter-segment sales) shot up by 76% to HK\$29,205.7 million. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") surged by 132% to HK\$9,063.8 million.

**PCBs Division:** In the realm of PCBs for consumer electronics, telecommunication facilities and automobiles, the PCBs Division rallies manifold advantages including fine craftsmanship, comprehensive certification and good quality, making the Group a beneficiary amid industrial development catalysed by 5G application, remote education and work, new energy vehicles and artificial intelligence. Sales of PCBs rose to a record-breaking level. Drawing on its rich experience in multi-layered PCBs and high-density inter-connected ones, the division's business served a wider market, in particular with a further step into the higher precision PCBs market, enabling it to build a higher-value-added product portfolio. During the year, the average selling price of products increased continuously. The rise in unit product prices not only helped to effectively transfer the cost hike in laminates, but also to create room for expanded profitability. Segment revenue increased 29% to HK\$13,600.8 million. EBITDA surged by 5% to HK\$1,756.8 million.

**Chemicals Division:** Global economic recovery has induced demand for chemicals, prompting price rises for the division's various chemical products. Among them, the price increase of acetic acid, caustic soda and Bisphenol A was the most significant, contributing considerable profit growth to the division. With highly effective management and science-based craftsmanship, as well as being equipped with industry-leading green facilities, the division was able to maintain non-stop production on long cycles, keeping each function in high utilisation as a swift response to market demand, thus resulting in high-speed growth. Segment revenue (including inter-segment sales) shot up by 55% to HK\$16,377.3 million. EBITDA soared by 184% to HK\$4,385.8 million.

**Property Division:** The division reaped ideal results in terms of residential pre-sales, completing the Period with contracted pre-sales worth HK\$2,919 million. However, there was a drop in the number of units handed over during the Period, and division revenue declined 71% to HK\$2,375 million as a result. EBITDA decreased by 57% to HK\$1,521.7 million. Within the metrics, rental income was up 8% to HK\$1,200.5 million, mainly attributable to gradually improving post-pandemic occupancy rates, as well as the commencement of leases at the commercial project neighbouring the Kunshan high-speed railway station in Jiangsu Province and Shanghai Kingboard Plaza Phase II.



## **LIQUIDITY AND CAPITAL RESOURCES**

The Group's financial position remained robust. As at 31 December 2021, Group net current assets and current ratio were HK\$23,419.0 million (31 December 2020: HK\$22,426.2 million) and 1.87 (31 December 2020: 1.97) respectively.

The net working capital cycle increased to 60 days as at 31 December 2021 from 56 days as at 31 December 2020 on the following key metrics:

- Inventories, in terms of stock turnover days, were 38 days (31 December 2020: 35 days).
- Trade receivables, in terms of debtors turnover days, were 62 days (31 December 2020: 62 days).
- Trade and bills payable (excluding bills payable for property, plant and equipment), in terms of creditor turnover days, were 40 days (31 December 2020: 41 days).

The Group's net gearing ratio (ratio of bank borrowings net of bank balances and cash to total equity) was approximately 19% (31 December 2020: 18%). The proportion of short-term to long-term bank borrowings stood at 58%:42% (31 December 2020: 50%:50%). During the Period, the Group invested approximately HK\$2,900 million on new production capacity and HK\$1,800 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. The Group did not enter into any material derivative financial instruments, nor did the Group have any material foreign exchange exposure during the Period. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirements of its operating expenses.

## **HUMAN RESOURCES**

As at 31 December 2021, the Group employed a global workforce of approximately 36,000 (31 December 2020: 36,000). Considering staff an important asset, the Group continued to adopt sound human resources management and planning which helps drive 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 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 promising university graduates from mainland China, Hong Kong and Taiwan every year. The Group will continue to implement training to retain talents in a bid to gain fresh energy for long-term development and to drive the Group's continued growth.

## PROSPECTS

We are full of confidence in the Group's 2022 development. The Group will build further upon its competitive advantages of a diversified and synergistic business portfolio and a vertically integrated production model. The Group will also remain committed to strict cost control and will step up technology-driven capabilities such as fully implementation of big data management, in hopes of putting each division into a new growth chapter. The management team will remain committed to upgrading our research and development capabilities, safe production, and environmental friendliness. We will also maintain stringent cash flow management to build a healthier balance sheet, as we proactively expand our market share. The Group sees opportunities everywhere and an unlimited potential for development to come.

**Laminates Division:** The prospering electronics industry leads to sharply rising demand for the raw materials of electronic products, including laminates and their upstream materials. The laminates plant in Shaoguan, Guangdong Province has been fully commissioned, adding a monthly capacity of 1.2 million sheets of glass epoxy laminates (FR4). Helped by the new capacity, the division will be able to continue expanding the proportionate sales of high-value-added laminates. In order to reinforce the competitive advantage of the vertically integrated value chain, the division will expand upstream capacities in 2022. The plan is to add monthly capacities of 1,500 tonnes of copper foil, 4,200 tonnes of glass yarn and 13 million metres of glass fabric. In addition, the Group is proactively looking into the feasibility of adding capacities for laminates and upstream materials in Thailand in order to better serve our overseas clients. The Group will also make a foray into extended end-user industries like new energy batteries and package substrate, bringing new development momentum to the division.

**PCBs Division:** The increasing uptake of new energy, development of the digital economy and upgrades of artificial intelligence are leading a new wave of development for PCBs. Revolving around the marketplace of 5G base stations, servers and electric vehicles, the division's product portfolio enhancement efforts have paid off. Future themes for development will continue to be focused on high-value-added upgrades. Supported by this, the division aims to enhance its collaboration with clients. Emphasis will be placed on strengthening the core competencies of the various PCB brands, including Elec & Eltek, Techwise Circuits and Express Electronics, so as to achieve constant value enhancement. The division will also fast-track its capacity build-up, through acquiring production equipment that caters to the consumer electronics, telecommunications and vehicle segments. The division will bring in 1,600,000 square feet of additional capacity for multi-layered PCBs in 2022. On top of this, the Group is exploring the feasibility of expanding capacities for PCBs in Thailand.

**Chemicals Division:** The green economy has become a key component of the global economy, introducing new requirements and opportunities into the chemicals industry. On the one hand, the bar has been raised on carbon emission and environmental friendliness, which in effect propels backward capacities out of the market. The division's capacity has been built on energy saving, low-carbon and environmentally-friendly principles, with industry-leading production and emission standards, better positioning it to acquire greater market share in this competitive environment. On the other hand, the division will benefit from wider application of engineering-grade plastic materials used to lower the weight of new energy vehicles, as well as photovoltaic film and electric cables applied to solar power generators and wing paddles in wind turbines. These end-user products will generate demand for the division's major chemical products such as phenol acetone, acetic acid, Bisphenol A and epichlorohydrin. Thus, the division is proactively planning for a number of large-scale chemicals projects along the current core product lines. One such project under planning in Daya Bay, Huizhou, will deliver an annual output of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A.

**Property Division:** The property market in mainland China is faced with challenges brought by deleveraging. Under the general principle that 'houses are for living in, not for speculation', the division will continue to exercise a cautious business strategy. The division has had no newly added land reserve over the past four years, and will launch its residential project in eastern China for pre-sale according to schedule, in a bid to expedite capital recovery. In the meantime, driven by the following three factors, the division's rental income will grow steadily: First, the lease-free period of the commercial property located near the Kunshan high-speed railway station in Jiangsu Province has expired. Second, the occupancy rate of Shanghai Kingboard Plaza Phase II has increased significantly. Third, the pandemic's temporary negative impact on the rental income of overseas properties has gradually subsided.

## **APPRECIATION**

On behalf of the Board, I wish to take this opportunity to extend my sincere gratitude for the unreserved support from all shareholders, clients, banks, the management and staff members over the previous year.

## **FINAL DIVIDEND**

The proposed final dividend of HK244 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, 23 May 2022 ("2022 AGM"), is to be payable on Friday, 8 July 2022 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 21 June 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (i) From Tuesday, 17 May 2022 to Monday, 23 May 2022, 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 2022 AGM. In order to be eligible to attend and vote at the 2022 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 May 2022; and
- (ii) From Friday, 17 June 2022 to Tuesday, 21 June 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 16 June 2022.

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

The Company has adopted and complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") under Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2021, save for the deviation from paragraph A.4.1 of the CG Code since the independent non-executive directors are not appointed for a specific term. Notwithstanding the aforesaid deviation, all the directors (including the independent non-executive directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association. As such, the Company considers that steps have been taken with a view to ensuring that the Company's corporate governance practices are in line with the principles of the CG Code.

On 1 January 2022, the amendments to the Corporate Governance Code (the "New CG Code") came into effect and the requirements under the New CG code will apply to corporate governance reports for financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code and align with the latest developments.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Having made specific enquiry of all directors, each director has confirmed that he 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 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There has been no purchase, sale or redemption of the Company’s shares by the Company or any of its subsidiaries during the year ended 31 December 2021.

## **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 2021.

## **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 2021 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 Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 18 March 2022

*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.*