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KINGBOARD LAMINATES HOLDINGS LIMITED

建滔積層板控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1888)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	FY2013 <i>HK\$'million</i>	FY2012 <i>HK\$'million</i>	Change
Revenue	12,798.3	12,483.2	+3%
EBITDA*	2,185.9	2,190.1	—
Profit before tax*	1,334.0	1,374.5	-3%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,148.0	1,192.9	-4%
– Reported net profit	1,207.2	1,163.9	+4%
Earnings per share			
– Based on underlying net profit*	HK38.3 cents	HK39.8 cents	-4%
– Based on reported net profit	HK40.2 cents	HK38.8 cents	+4%
Full-year dividend per share	HK17.0 cents	HK17.0 cents	—
– Interim dividend per share	HK5.0 cents	HK5.0 cents	—
– Proposed final dividend per share	HK12.0 cents	HK12.0 cents	—
Dividend payout ratio[#]	44%	43%	
Net asset value per share	HK\$4.31	HK\$3.94	+9%
Net gearing	21%	16%	

* Excluding:

2013: Gain on fair value changes of investment properties of HK\$72.1 million and share-based payments of HK\$12.9 million.

2012: Gain on fair value changes of investment properties of HK\$1.8 million and share-based payments of HK\$30.8 million.

[#] Calculated base on underlying net profit

The board of directors (the “Board”) of Kingboard Laminates 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 2013 together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

		2013	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	12,798,302	12,483,227
Cost of sales		<u>(10,806,997)</u>	<u>(10,564,936)</u>
Gross profit		1,991,305	1,918,291
Other income, gains and losses	4	172,004	125,194
Distribution costs		(278,508)	(276,179)
Administrative costs		(437,430)	(419,619)
Share-based payments		(12,916)	(30,847)
Share of result of an associate		–	2,248
Gain on fair value changes of investment properties		72,110	1,840
Gain on deemed disposal of an associate		–	30,377
Gain on disposal of available-for-sale investments		11,369	64,438
Gain on disposal of held-to-maturity investments		–	23,728
Finance costs	5	<u>(124,783)</u>	<u>(94,025)</u>
Profit before taxation		1,393,151	1,345,446
Income tax expense	7	<u>(183,268)</u>	<u>(179,505)</u>
Profit for the year		<u>1,209,883</u>	<u>1,165,941</u>
Profit for the year attributable to:			
Owners of the Company		1,207,182	1,163,941
Non-controlling interests		<u>2,701</u>	<u>2,000</u>
		<u>1,209,883</u>	<u>1,165,941</u>
Earnings per share – Basic and diluted	9	<u>HK\$0.402</u>	<u>HK\$0.388</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year	<u>1,209,883</u>	<u>1,165,941</u>
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Exchange differences arising from translation to presentation currency	<u>400,782</u>	<u>7,237</u>
Items that may be reclassified subsequently to profit or loss:		
Investment revaluation reserve:		
Fair value changes of available-for-sale investments	37,110	227,389
Release upon disposal of available-for-sale investments	(11,369)	(64,438)
Translation reserve:		
Share of change in reserve of an associate	<u>–</u>	<u>429</u>
	<u>25,741</u>	<u>163,380</u>
Other comprehensive income for the year	<u>426,523</u>	<u>170,617</u>
Total comprehensive income for the year	<u>1,636,406</u>	<u>1,336,558</u>
Total comprehensive income attributable to:		
Owners of the Company	1,606,199	1,332,332
Non-controlling interests	<u>30,207</u>	<u>4,226</u>
	<u>1,636,406</u>	<u>1,336,558</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

		2013	2012
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		1,283,553	913,829
Properties, plant and equipment		5,346,161	5,492,448
Prepaid lease payments		460,569	499,267
Available-for-sale investments		1,904,009	1,063,506
Non-current deposits		199,290	79,867
Other non-current assets		734,889	–
Deferred tax assets		4,083	4,111
Goodwill		238	238
		<u>9,932,792</u>	<u>8,053,266</u>
Current assets			
Inventories		1,289,434	1,259,151
Trade and other receivables and prepayments	10	4,295,860	4,638,708
Bills receivables	10	728,826	1,250,298
Properties held for development		2,991,581	575,374
Other current assets		–	712,531
Prepaid lease payments		11,291	11,841
Amounts due from fellow subsidiaries		274,782	437,397
Taxation recoverable		7,063	7,063
Bank balances and cash		2,427,697	2,328,204
		<u>12,026,534</u>	<u>11,220,567</u>
Current liabilities			
Trade and other payables	11	1,624,928	1,488,561
Bills payables	11	239,131	109,518
Deposits received from pre-sale of residential units		220,450	–
Amounts due to fellow subsidiaries		40,214	32,447
Taxation payable		324,585	302,000
Bank borrowings – amount due within one year		1,593,338	1,310,796
		<u>4,042,646</u>	<u>3,243,322</u>
Net current assets		<u>7,983,888</u>	<u>7,977,245</u>
Total assets less current liabilities		<u>17,916,680</u>	<u>16,030,511</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	101,298	98,144
Bank borrowings – amount due after one year	<u>3,790,846</u>	<u>3,041,681</u>
	<u>3,892,144</u>	<u>3,139,825</u>
	<u>14,024,536</u>	<u>12,890,686</u>
Capital and reserves		
Share capital	300,000	300,000
Reserves	<u>12,618,293</u>	<u>11,508,165</u>
Equity attributable to owners of the Company	12,918,293	11,808,165
Non-controlling interests	<u>1,106,243</u>	<u>1,082,521</u>
Total equity	<u>14,024,536</u>	<u>12,890,686</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC*) – INT 20	Stripping costs in the production phase of a surface mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated financial statements”, HKFRS 11 “Joint arrangements”, HKFRS 12 “Disclosure of interests in other entities”, HKAS 27 (as revised in 2011) “Separate financial statements” and HKAS 28 (as revised in 2011) “Investments in associates and joint ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

Except as described below, the adoption of the package of five standards has had no material impact on the Group’s financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The Group has applied the amendments to HKAS 1 “Presentation of items of other comprehensive income”. Upon the adoption of the amendments to HKAS 1, the Group’s ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed as the ‘statement of profit or loss’. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKAS 19	Defined benefit plans: employee contributions ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle ²
HKFRS 9	Financial instruments ³
HK(IFRIC) – INT 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The directors of the Company (“Directors”) anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

2. REVENUE

Revenue represents the amounts received and receivable by the Group from the sales of goods, provision of drilling services, income from property investment and licence fee income provided to outside customers, net of discounts, returns and sales related taxes. Analysis of revenue for the year is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sales of glass epoxy laminates	7,538,800	7,186,224
Sales of paper laminates	2,514,230	2,487,842
Sales of upstream materials	1,682,806	1,816,204
Others	934,136	919,421
Income from property investment	128,330	73,536
	<hr/>	<hr/>
	12,798,302	12,483,227
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Sales of laminates include glass epoxy laminates and paper laminates manufactured according to specifications required by customers. Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. Others comprise drilling service, which involves the drilling of holes into the laminates required by customers and sales of specialty resin and other materials and licence fee income. Income from property investment includes rental income from leasing of investment properties, income from hotel accommodation and income from food and beverage and other ancillary services of the hotel operation.

3. OPERATING SEGMENTS

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) in order to allocate resources to segments and to assess their performance. Specifically, the Group’s operating and reportable segments under HKFRS 8 were organised into two main operating divisions – (i) manufacturing and sales of laminates and (ii) properties. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Under HKFRS 8, segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The CODM assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (share of result of an associate, gain on deemed disposal of an associate, gain on disposal of available-for-sale investments/ held-to-maturity investments, share-based payments, unallocated corporate income and expenses and finance costs).

The following is an analysis of the Group's revenue and result by operating segments:

Year ended 31 December 2013

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>12,669,972</u>	<u>128,330</u>	<u>12,798,302</u>
Segment result	<u>1,299,392</u>	<u>95,284</u>	1,394,676
Gain on disposal of available-for-sale investments			11,369
Share-based payments			(12,916)
Unallocated corporate income			200,753
Unallocated corporate expenses			(75,948)
Finance costs			<u>(124,783)</u>
Profit before taxation			<u>1,393,151</u>

Year ended 31 December 2012

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>12,409,691</u>	<u>73,536</u>	<u>12,483,227</u>
Segment result	<u>1,318,868</u>	<u>4,850</u>	1,323,718
Share of result of an associate			2,248
Gain on deemed disposal of an associate			30,377
Gain on disposal of available-for-sale investments			64,438
Gain on disposal of held-to-maturity investments			23,728
Share-based payments			(30,847)
Unallocated corporate income			112,176
Unallocated corporate expenses			(86,367)
Finance costs			<u>(94,025)</u>
Profit before taxation			<u>1,345,446</u>

Other segment information

The Group principally operates in the People's Republic of China ("PRC") (other than Hong Kong) (country of domicile) with revenue and profits derived mainly from its operations in the PRC.

The following is an analysis of the Group's revenue from the external customers by geographical location of the customers:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
The PRC (country of domicile)	11,852,070	11,482,874
Other foreign countries:		
Other Asian countries	837,288	870,581
Europe	49,675	76,623
America	59,269	53,149
	<u>12,798,302</u>	<u>12,483,227</u>

Revenue from one of the Group's customers amounted to HK\$1,508,609,000 (2012: HK\$1,618,568,000), which individually accounted for over 10% of the Group's revenue for the year.

4. OTHER INCOME, GAINS AND LOSSES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other income, gains and losses include:		
Dividend income from available-for-sale investments	32,671	28,480
Interest income from available-for-sale investments	118,258	47,596
Interest income from held-to-maturity investments (<i>Note</i>)	–	22,788
Other interest income	7,141	7,898
Net exchange gain	<u>6,832</u>	<u>6,872</u>

Note: Included in interest income for the year ended 31 December 2012 is the amortisation of discount of held-to-maturity investments of HK\$1,052,000 (2013: nil).

5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank borrowings		
Wholly repayable within five years	128,680	99,141
Not wholly repayable within five years	<u>1,623</u>	<u>–</u>
	130,303	99,141
<i>Less:</i> Amounts capitalised in the construction in progress	<u>(5,520)</u>	<u>(5,116)</u>
	<u>124,783</u>	<u>94,025</u>

The weighted average capitalisation rate on funds borrowed generally is 2.3% per annum (2012: 2.2% per annum).

6. DEPRECIATION

During the year, depreciation of approximately HK\$716.9 million (2012: HK\$709.0 million) was charged in respect of the Group's properties, plant and equipment.

7. INCOME TAX EXPENSE

	2013 HK\$'000	2012 HK\$'000
The amount comprises:		
Hong Kong Profits Tax		
Charge for the year	10,536	–
Underprovision in previous years	–	496
	<u>10,536</u>	<u>496</u>
PRC Enterprise Income Tax		
Charge for the year	169,571	176,555
Overprovision in previous years	(1,822)	–
	<u>167,749</u>	<u>176,555</u>
Taxation arising in other jurisdiction		
Charge for the year	1,801	–
Deferred taxation		
Charge for the year	3,182	2,454
	<u>183,268</u>	<u>179,505</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdiction.

8. DIVIDENDS

	2013 HK\$'000	2012 HK\$'000
Dividends paid		
Interim dividend for the year ended 31 December 2013 of HK5 cents (for the year ended 31 December 2012: HK5 cents) per ordinary share	150,000	150,000
Final dividend for the year ended 31 December 2012 of HK12 cents (for the year ended 31 December 2011: HK5 cents) per ordinary share	360,000	150,000
	<u>510,000</u>	<u>300,000</u>
Dividend proposed		
Proposed final dividend for the year ended 31 December 2013 of HK12 cents (for the year ended 31 December 2012: HK12 cents) per ordinary share	360,000	360,000

The final dividend of HK12 cents per ordinary share amounted to HK\$360,000,000 in total in respect of the year ended 31 December 2013 (2012: final dividend of HK12 cents per ordinary share amounted to HK\$360,000,000 in total in respect of the year ended 31 December 2012) has been proposed by the Directors and is subject to the approval by the shareholders of the Company in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>1,207,182</u>	<u>1,163,941</u>
	Number of shares	
	2013 <i>'000</i>	2012 <i>'000</i>
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,000,000</u>	<u>3,000,000</u>

The computation of diluted earnings per share does not assume the exercise of the Company's option because the exercise price of those options was higher than the average market price for shares for both 2013 and 2012.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	3,491,467	3,091,149
Advance to suppliers	237,306	484,114
Deposits for acquisition of land use right for development of properties held for sale (<i>Note</i>)	–	558,228
Interest income receivables	30,673	6,854
Prepaid expense and deposits	190,318	145,038
Value-added tax ("VAT") recoverable	235,710	253,532
Land appreciation tax on pre-sale properties	1,883	–
Other receivables	<u>108,503</u>	<u>99,793</u>
	4,295,860	4,638,708
Bills receivables	<u>728,826</u>	<u>1,250,298</u>
	<u>5,024,686</u>	<u>5,889,006</u>

Note: The amount represents deposits paid for the acquisition of land use right in PRC. The acquisition has been completed in 2013 and construction works has been commenced in 2013.

The Group allows credit periods of up to 120 days (2012: 120 days), depending on the products sold to its trade customers. The following is an aged analysis of trade receivables based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 – 90 days	2,411,556	2,004,334
91 – 180 days	1,021,241	1,030,254
Over 180 days	58,670	56,561
	<u>3,491,467</u>	<u>3,091,149</u>

Bills receivables of the Group are aged within 90 days (2012: 90 days) at the end of the reporting period.

11. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade payables	891,922	822,925
Accrued expenses	173,892	178,609
Payables for acquisition of properties, plant and equipment	49,300	47,542
Receipts in advance	220,272	144,176
Other tax payables	109,951	132,866
VAT payables	103,881	104,798
Other payables	75,710	57,645
	<u>1,624,928</u>	<u>1,488,561</u>
Bills payables	239,131	109,518
	<u>1,864,059</u>	<u>1,598,079</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 – 90 days	766,410	629,534
91 – 180 days	78,010	156,957
Over 180 days	47,502	36,434
	<u>891,922</u>	<u>822,925</u>

The average credit period on purchase of goods is 90 days (2012: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Bills payables of the Group are aged within 90 days (2012: 90 days) at the end of the reporting period.

BUSINESS REVIEW

On behalf of the Board of Directors, I am delighted to report to our shareholders that Kingboard Laminates Holdings Limited (“the Company”) and its subsidiaries (“the Group”) delivered resilient results for the financial year ended 31 December 2013 (“FY13”). The US market delivered a positive rebound, while the Chinese economy maintained its steady growth. Sales of electronic products, such as smart phones continued to thrive, especially in emerging markets. Our management team adopted an aggressive strategy to capture market share growth. Hence, the Group achieved record highs in both production volume and shipment volume for FY13 and achieved a shipment volume of 12 million square metres in one single month. Group revenue increased by 3% to HK\$12,798 million. Focusing on the Chinese domestic market, we continued to expand our Chinese domestic market penetration, Renminbi (“RMB”) sales of the Group increased further to account for 59% of our total revenue.

Capacity utilization improved in 2013. Average copper prices were lower in 2013 than 2012 and this resulted in lower average selling prices for our products. At the same time, rising operating costs impacted the Group’s operating margin. As a result, underlying net profit (excluding non-recurring items) for the Group was down marginally by 4% to HK\$1,148 million. Bracing a tough operating environment, the Group delivered profitable results and continued to maintain a robust balance sheet.

Income from property investment attributable to the Group increased substantially by more than 70% to HK\$128.3 million. Enjoying a high occupancy rate, the investment properties portfolio generated steady and attractive returns for the Group. Pre-sale of our residential projects has delivered excellent results. Units launched for Kunshan Development Zone Kingboard Yu Garden, in the second half of 2013, have all been taken up by buyers.

The Board proposes a final dividend of HK12 cents per share subject to shareholder approval. Together with the interim dividend of HK5 cents per share paid in September 2013, this will constitute a total dividend of HK17 cents per share for the full year, representing a payout ratio of 44%.

Financial Highlights

	FY2013 <i>HK\$'million</i>	FY2012 <i>HK\$'million</i>	Change
Revenue	12,798.3	12,483.2	+3%
EBITDA*	2,185.9	2,190.1	–
Profit before tax*	1,334.0	1,374.5	-3%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,148.0	1,192.9	-4%
– Reported net profit	1,207.2	1,163.9	+4%
Earnings per share			
– Based on underlying net profit*	HK38.3 cents	HK39.8 cents	-4%
– Based on reported net profit	HK40.2 cents	HK38.8 cents	+4%
Full-year dividend per share	HK17.0 cents	HK17.0 cents	–
– Interim dividend per share	HK5.0 cents	HK5.0 cents	–
– Proposed final dividend per share	HK12.0 cents	HK12.0 cents	–
Dividend payout ratio[#]	44%	43%	
Net asset value per share	HK\$4.31	HK\$3.94	+9%
Net gearing	21%	16%	

* Excluding:

2013: Gain on fair value changes of investment properties of HK\$72.1 million and share-based payments of HK\$12.9 million.

2012: Gain on fair value changes of investment properties of HK\$1.8 million and share-based payments of HK\$30.8 million.

[#] Calculated base on underlying net profit

PERFORMANCE

Laminates shipment volume and capacity utilization improved in 2013 compared with the previous year. Group consolidated revenue was HK\$12,798 million. Sales volume increased 12% against last year, with average monthly shipment of 9.05 million square metres. Revenue from composite epoxy material laminates (“CEM”) and glass epoxy laminates (“FR4”) accounted for 59% of Group turnover, while paper laminates sales accounted for 20% in 2013. The balance mainly comprised sales of upstream materials and others. The decline in the average selling price for laminates was offset by operational efficiency improvements and higher capacity utilization, enabling the Group to maintain its gross profit margin at 15.6%. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) (excluding non-recurring items) remained level with 2012 at around HK\$2,185.9 million.

Shipment volume increased during the year, but distribution costs remained at a similar level as last year as a result of operational efficiency improvements and strict cost control. Administrative costs were up 4% to HK\$437.4 million. Finance costs rose to HK\$124.8 million in 2013 against last year. The effective tax rate was similar to the previous year at 13.2%.

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated financial and liquidity position remained robust. As at 31 December 2013, net current assets and current ratio of the Group were approximately HK\$7,983.9 million (31 December 2012 – HK\$7,977.2 million) and 2.97 (31 December 2012 – 3.46), respectively.

The net working capital cycle decreased to 111 days as at 31 December 2013 from 114 days as at 31 December 2012 on the following key metrics:

- Inventories, in terms of stock turnover days, maintained at 44 days as the Group continued its tight control over inventories to maintain a low inventory level (31 December 2012 – 44 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtors turnover days, increased to 107 days (31 December 2012 – 103 days).
- Trade and bills payables, including amounts due to fellow subsidiaries, in terms of creditors turnover days, increased to 40 days (31 December 2012 – 33 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) increased to 21% (31 December 2012 – 16%). In 2013, the Group invested HK\$473.2 million in new production capacities and HK\$2,066.0 million in its property business – of which HK\$263.5 million was earmarked for acquisition of Hong Kong investment properties, HK\$1,802.5 million for settlement of balance payments for land acquired in 2012 and payments for construction in progress. With an experienced professional management team and a solid business foundation with sound financial strength, the Group is confident that these investments will deliver satisfactory returns to shareholders in future. The ratio of bank borrowings between short term and long term stood at 30% : 70% (31 December 2012: 30% : 70%). Meanwhile, the Group maintained sufficient financial strength to capture future business opportunities in the market. All bank borrowings were denominated in Hong Kong or US dollars.

The Group continued to adopt a prudent financial management policy. The Group did not entered into any material derivative financial instruments throughout the year. There was no material foreign exchange exposure for the Group during the year under review. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirement of operating expenses.

HUMAN RESOURCES

As at 31 December 2013, the Group had a workforce of approximately 9,700 (31 December 2012: 8,900). In addition to offering competitive salary packages, the Group grants share options and discretionary bonuses to eligible employees based on the Group's overall financial achievements and employees' individual performance.

PROSPECTS

Customer order intake showed signs of strong and stable momentum at the onset of 2014. The Chinese government is pushing ahead with economic reforms to maintain sustained and steady economic growth. Progressive urbanization aims to expand domestic consumption, which in turn will drive demand for electronic products, especially smart phones and consumer products in China. Management is optimistic about the prospects for business growth in 2014.

The Group will continue to invest in product mix enhancements to capture Chinese domestic business opportunities in order to expand our market share in thin and high-performance laminates and capture new growth sectors such as LED related products.

In order to meet the demand from downstream capacity expansion and maintain our successful vertical integration business model, the Group plans to increase the capacity of upstream materials production. A new expansion phase of the Lianzhou glass fabric plant and a new glass yarn plant in Qingyuan, Guangdong province, will commence production in 2014.

In the first two months of 2014, the Group's property business has continued to deliver good growth momentum, demonstrating high occupancy rates in investment properties. At the end of 2013, the Group owned a land bank with gross floor area of approximately 1.3 million square metres located in China at prime locations in Kunshan and Jiangyin, Jiangsu province.

APPRECIATION

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

FINAL DIVIDEND

The proposed final dividend of HK12 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, 26 May 2014 ("2014 AGM"), is to be payable on Tuesday, 10 June 2014 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 3 June 2014.

CHANGE OF ADDRESS OF HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited (the "Share Registrar"), will change its address from 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong to:

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) From Thursday, 22 May 2014 to Monday, 26 May 2014, 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 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Waichai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Monday, 31 March 2014) not later than 4:00 p.m. on Wednesday, 21 May 2014; and
- (ii) From Friday, 30 May 2014 to Tuesday, 3 June 2014, 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 Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Waichai, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Monday, 31 March 2014) not later than 4:00 p.m. on Thursday, 29 May 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in 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 2013, save for the deviation that the non-executive Director and independent non-executive Directors are not appointed for specific terms pursuant to paragraph A.4.1 of the CG Code. Notwithstanding the aforesaid deviation, all the Directors (including the non-executive Director and independent non-executive Directors) are subject to retirement by rotation and re-election at the Company's annual general meeting in compliance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG 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"). Following a specific enquiry, each Director has confirmed that he or she has complied with the required standard as 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 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange of Hong Kong Limited.

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 2013.

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 2013 as set out in the preliminary announcement have been agreed by the Group's auditors, 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 Laminates Holdings Limited
Cheung Kwok Wa
Chairman

Hong Kong, 21 March 2014

As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wa, Cheung Kwok Keung, Cheung Kwok Ping, Lam Ka Po, Cheung Ka Ho, Liu Min and Zhou Pei Feng, being the executive Directors, Mr. Lo Ka Leong, being the non-executive Director, and Messrs. Chan Yue Kwong, Michael, Leung Tai Chiu, Mok Yiu Keung, Peter and Ip Shu Kwan, Stephen, being the independent non-executive Directors.