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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 2021

FINANCIAL HIGHLIGHTS			
	FY2021	FY2020	Change
	HK\$'million	HK\$'million	
Revenue	28,799.8	17,301.2	+66%
EBITDA*	9,200.3	4,307.3	+114%
Profit before tax*	8,386.9	3,635.8	+131%
Net profit attributable to owners of the Company			
– Underlying net profit*	6,781.7	2,776.0	+144%
– Reported net profit	6,781.7	2,802.9	+142%
Earnings per share			
– Based on underlying net profit*	HK217.4 cents	HK89.8 cents	+142%
– Based on reported net profit	HK217.4 cents	HK90.6 cents	+140%
Full-year dividend per share	HK150.0 cents	HK250.0 cents	-40%
– Interim dividend per share	HK30.0 cents	HK10.0 cents	+200%
– Special interim dividend per share	–	HK190.0 cents	N/A
– Proposed final dividend per share	HK120.0 cents	HK35.0 cents	+243%
– Proposed special final dividend per share	–	HK15.0 cents	N/A
Net asset value per share	HK\$6.10	HK\$4.59	+33%
Net cash	150.0	3,756.1	

* Excluding:

FY2020: Loss on fair value changes of investment properties of HK\$0.7 million and gain on disposal of a subsidiary with amount of HK\$27.6 million.

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 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

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	2	28,799,810	17,301,186
Cost of sales		<u>(19,004,119)</u>	<u>(12,594,178)</u>
Gross profit		9,795,691	4,707,008
Other income, gains and losses	4	84,917	119,488
Distribution costs		(514,764)	(414,692)
Administrative costs		(938,999)	(691,349)
Gain (loss) on fair value changes of equity instruments at fair value through profit or loss		15,713	(95,723)
Gain on disposal of debt instruments at fair value through other comprehensive income		25,022	87,667
Gain on disposal of a subsidiary		–	27,642
Loss on fair value changes of investment properties		–	(742)
Finance costs	5	<u>(80,665)</u>	<u>(76,634)</u>
Profit before taxation		8,386,915	3,662,665
Income tax expense	7	<u>(1,603,436)</u>	<u>(854,685)</u>
Profit for the year		<u>6,783,479</u>	<u>2,807,980</u>
Profit for the year attributable to:			
Owners of the Company		6,781,656	2,802,885
Non-controlling interests		<u>1,823</u>	<u>5,095</u>
		<u>6,783,479</u>	<u>2,807,980</u>
Earnings per share	9		
– Basic		<u>HK\$2.174</u>	<u>HK\$0.906</u>
– Diluted		<u>N/A</u>	<u>HK\$0.906</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>6,783,479</u>	<u>2,807,980</u>
Other comprehensive income (expense) 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	561,621	1,057,834
Investment revaluation reserve:		
Fair value loss on equity instruments at fair value through other comprehensive income	<u>–</u>	<u>(6,918)</u>
	<u>561,621</u>	<u>1,050,916</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	(121,610)	(61,625)
Reclassify to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	<u>(25,022)</u>	<u>(87,667)</u>
	<u>(146,632)</u>	<u>(149,292)</u>
Other comprehensive income for the year	<u>414,989</u>	<u>901,624</u>
Total comprehensive income for the year	<u>7,198,468</u>	<u>3,709,604</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	7,195,891	3,701,133
Non-controlling interests	<u>2,577</u>	<u>8,471</u>
	<u>7,198,468</u>	<u>3,709,604</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,441,259	1,438,063
Property, plant and equipment		6,247,809	5,613,910
Right-of-use assets		667,056	567,754
Equity instruments at fair value through profit or loss		1,177,398	88,583
Debt instruments at fair value through other comprehensive income		103,798	611,231
Deposits paid for acquisition of property, plant and equipment		878,135	97,201
Deferred tax assets		2,810	3,190
Goodwill		238	238
		<u>10,518,503</u>	<u>8,420,170</u>
Current assets			
Inventories		2,653,835	1,739,106
Trade and other receivables and prepayments	<i>10</i>	6,639,167	4,743,914
Bills receivables	<i>10</i>	4,243,905	3,507,802
Properties held for development		1,460,556	1,427,224
Equity instruments at fair value through profit or loss		442,125	776,904
Debt instruments at fair value through other comprehensive income		11,256	148,740
Amounts due from fellow subsidiaries		978,831	693,081
Taxation recoverable		8,718	9,009
Bank balances and cash		2,864,889	4,909,965
		<u>19,303,282</u>	<u>17,955,745</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>11</i>	2,732,637	2,777,696
Bills payables	<i>11</i>	602,496	347,631
Contract liabilities		2,773,455	617,304
Dividends payable		936,000	6,240,000
Lease liabilities		570	553
Amounts due to fellow subsidiaries		47,581	47,582
Taxation payable		870,454	723,426
Bank borrowings – amount due within one year		1,814,902	923,077
		<u>9,778,095</u>	<u>11,677,269</u>
Net current assets		<u>9,525,187</u>	<u>6,278,476</u>
Total assets less current liabilities		<u>20,043,690</u>	<u>14,698,646</u>
Non-current liabilities			
Lease liabilities		1,623	1,771
Deferred tax liabilities		76,943	78,095
Bank borrowings – amount due after one year		900,000	230,769
		<u>978,566</u>	<u>310,635</u>
		<u>19,065,124</u>	<u>14,388,011</u>
Capital and reserves			
Share capital		312,000	312,000
Reserves		18,726,483	14,021,065
Equity attributable to owners of the Company		19,038,483	14,333,065
Non-controlling interests		26,641	54,946
Total equity		<u>19,065,124</u>	<u>14,388,011</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 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:

Amendments 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 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. REVENUE

Analysis of revenue for the year is as follows:

	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue recognised at a point in time		
Sales of glass epoxy laminates	20,795,401	11,166,932
Sales of paper laminates	2,240,799	1,855,539
Sales of upstream materials (<i>note a</i>)	3,857,153	2,453,947
Sales of properties	592,273	683,986
Others (<i>note b</i>)	1,100,421	889,537
Revenue recognised over time (<i>note c</i>)	59,813	48,289
Revenue from contracts with customers	28,645,860	17,098,230
Rental income	70,838	65,789
Interest income from debt instruments	37,918	125,888
Dividend income	45,194	11,279
	<u>28,799,810</u>	<u>17,301,186</u>

Notes:

- (a) Sales of upstream materials include sales of copper foil, epoxy resin, glass fabric and bleached kraft paper. The payment terms are ranged from 0 day to 120 days.
- (b) Others mainly includes sales of specialty resin of HK\$775,778,000 (2020: HK\$517,300,000).
- (c) Revenue recognised over time represents income from hotel accommodation of HK\$59,813,000 (2020: income from drilling services of HK\$1,830,000 and income from hotel accommodation of HK\$46,459,000).

3. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” (“HKFRS 8”) requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Chief Operating Decision Maker (“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 three main operating divisions – (i) manufacturing and sale of laminates; (ii) properties; and (iii) investments.

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 represents the profit earned by each segment with certain items not included (unallocated corporate income and expenses and finance costs). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segments:

For the year ended 31 December 2021

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>27,993,774</u>	<u>722,924</u>	<u>83,112</u>	<u>28,799,810</u>
Segment results	<u>8,116,680</u>	<u>320,693</u>	<u>118,022</u>	8,555,395
Unallocated corporate income				36,217
Unallocated corporate expenses				(124,032)
Finance costs				<u>(80,665)</u>
Profit before taxation				<u>8,386,915</u>

For the year ended 31 December 2020

	Laminates <i>HK\$'000</i>	Properties <i>HK\$'000</i>	Investments <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>16,367,785</u>	<u>796,234</u>	<u>137,167</u>	<u>17,301,186</u>
Segment results	<u>3,310,550</u>	<u>356,339</u>	<u>126,438</u>	3,793,327
Unallocated corporate income				37,581
Unallocated corporate expenses				(91,609)
Finance costs				<u>(76,634)</u>
Profit before taxation				<u>3,662,665</u>

Other information

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

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 dividend income and interest income, the principal place of business of the investee or debtor.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The PRC (country of domicile)	26,666,134	16,034,691
Other foreign countries:		
Other Asian countries	1,871,965	1,141,895
Europe	144,357	88,899
America	<u>117,354</u>	<u>35,701</u>
	<u>28,799,810</u>	<u>17,301,186</u>

Revenue from one of the Group's customers in laminates segment amounted to HK\$4,856,648,000 (2020: HK\$2,703,185,000), which individually accounted for over 10% of the Group's revenue for the year.

4. OTHER INCOME, GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income, gains and losses includes:		
Government grants	56,491	55,531
Interest income on bank balances and deposits	22,388	34,420
(Loss) gain on disposal and written off of property, plant and equipment	(20,749)	2,439
Others	<u>26,787</u>	<u>27,098</u>
	<u>84,917</u>	<u>119,488</u>

5. FINANCE COSTS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	94,619	80,860
Imputed interest on contract liabilities	1,810	3,951
Interest on lease liabilities	95	55
Less: Amounts capitalised in the construction in progress	(14,049)	(4,281)
Less: Amounts capitalised in the properties held for development	(1,810)	(3,951)
	<u>80,665</u>	<u>76,634</u>

Bank and other borrowing costs capitalised during the year include imputed interest on contract liabilities of HK\$1,810,000 (2020: HK\$3,951,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 1.87% (2020: 1.90%) per annum to expenditure on qualifying assets.

6. DEPRECIATION

During the year, depreciation of approximately HK\$717.9 million (2020: HK\$581.0 million) was charged in respect of the Group's property, plant and equipment.

7. INCOME TAX EXPENSE

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
The amount comprises:		
PRC Enterprise Income Tax ("EIT")	1,295,764	680,114
PRC Land Appreciation Tax ("LAT")	97,850	89,946
Hong Kong Profits Tax	14,463	5,040
Taxation arising in other jurisdictions	17,489	4,541
Withholding tax in the PRC	178,642	78,152
	<u>1,604,208</u>	<u>857,793</u>
Deferred taxation		
Credit for the year	(772)	(3,108)
	<u>1,603,436</u>	<u>854,685</u>

Under the Law of the People's Republic of China 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% to 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 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 of the Company 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.

8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends declared and/or paid		
2021 Interim dividend of HK30.0 cents (2020: HK10.0 cents) per ordinary share	936,000	312,000
2020 Special interim dividend of HK190.0 cents per ordinary share	–	5,928,000
2020 Final dividend of HK35.0 cents (2019: HK30.0 cents) per ordinary share	1,092,000	924,300
2020 Special final dividend of HK15.0 cents (2019: HK40.0 cents) per ordinary share	468,000	1,232,400
	<u>2,496,000</u>	<u>8,396,700</u>
Dividends proposed		
Proposed 2021 Final dividend of HK120.0 cents (2020: HK35.0 cents) per ordinary share	3,744,000	1,092,000
Proposed 2020 Special final dividend of HK15.0 cents per ordinary share	–	468,000
	<u>3,744,000</u>	<u>1,560,000</u>

The final dividend of HK120.0 cents per ordinary share amounted to HK\$3,744,000,000 in respect of the year ended 31 December 2021 (2020: final dividend of HK35.0 cents per ordinary share amounted to HK\$1,092,000,000 and special final dividend of HK15.0 cents per ordinary share amounted to HK\$468,000,000 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.

9. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share (2020: basic and diluted earnings per share)	<u>6,781,656</u>	<u>2,802,885</u>
	Number of shares	
	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,120,000	3,092,792
Effect of dilutive potential ordinary shares arising from share options	<u>N/A</u>	<u>38</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>N/A</u>	<u>3,092,830</u>

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	6,243,668	4,491,454
Less: Allowance for credit losses	<u>(661,595)</u>	<u>(579,750)</u>
Trade receivables, net	5,582,073	3,911,704
Advance to suppliers	517,652	350,161
Prepaid expenses and deposits	204,704	193,758
Value-added tax ("VAT") recoverable	190,197	203,561
Other receivables	<u>144,541</u>	<u>84,730</u>
	6,639,167	4,743,914
Bills receivables	<u>4,243,905</u>	<u>3,507,802</u>
	<u>10,883,072</u>	<u>8,251,716</u>

As at 1 January 2020, the gross amount of trade receivables from contracts with customers amounted to HK\$4,222,258,000 with allowance for credit losses of HK\$603,257,000.

The Group allows credit periods 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	4,483,570	3,298,866
91–180 days	1,056,609	572,483
Over 180 days	41,894	40,355
	<u>5,582,073</u>	<u>3,911,704</u>

Bills receivables of the Group are all aged within 0–90 days (2020: 0–90 days) since invoice date at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

11. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	1,050,633	1,005,225
Accrued expenses	523,032	508,512
Payables for acquisition of property, plant and equipment	124,495	159,175
Other tax payables	726,214	649,342
VAT payables	222,553	155,328
LAT payables	10,672	43,238
Other payables	75,038	256,876
	<u>2,732,637</u>	<u>2,777,696</u>
Bills payables (<i>Note</i>)	602,496	347,631
	<u>3,335,133</u>	<u>3,125,327</u>

Note: 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).

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–90 days	950,860	855,324
91–180 days	30,691	73,474
Over 180 days	69,082	76,427
	<u>1,050,633</u>	<u>1,005,225</u>

The average credit period on purchase of goods is 90 days (2020: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

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.

BUSINESS REVIEW

On behalf of the board of directors (the “Board”), I am delighted to report to our shareholders that substantial revenue and earnings growth was recorded in the financial year ended 31 December 2021 for Kingboard Laminates Holdings Limited and its subsidiaries (the “Group”).

2021 witnessed strong retail market demands as global economies continued to be recovered. The surge in demand for consumer electronics drove strong growth in the laminates market. The explosive growth of new energy vehicles, coupled with intelligent upgrades of automobile systems, has stimulated vehicle sales growth. Sales of home appliances grew significantly, benefitting from increased time spent at home, while also being driven by the introduction of newer and high-end models. Sales of computers and servers continued to boom, driven by remote work, online education and web conferencing needs. The market for downstream electronic products has set off a consumption boom, and the Group has seized this opportunity to achieve substantial increase in laminates sales. Supply of laminates and their upstream materials tightened as a result of demand growth, driving price increases. The Group is equipped with a comprehensive upstream value chain that boasts high quality and advanced technology. This value chain enables the Group to integrate copper foil, glass yarn, glass fabric and epoxy resins into its capability, which provides strong support for laminates production. With its vertical integration advantage fully utilised, the profit margin for laminates recorded a significant increase.

Monthly revenue and earnings reached consecutive record high levels during the period under review. The Group’s revenue surged 66% over that of 2020 to HK\$28,799.8 million. Net profit attributable to owners of the Company was also up 142% to HK\$6,781.7 million. On the back of a healthy financial position, the Board has proposed a final dividend of HK120 cents, subject to shareholders’ approval.

Financial Highlights

	FY2021	FY2020	Change
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Revenue	28,799.8	17,301.2	+66%
EBITDA*	9,200.3	4,307.3	+114%
Profit before tax*	8,386.9	3,635.8	+131%
Net profit attributable to owners of the Company			
– Underlying net profit*	6,781.7	2,776.0	+144%
– Reported net profit	6,781.7	2,802.9	+142%
Earnings per share			
– Based on underlying net profit*	HK217.4 cents	HK89.8 cents	+142%
– Based on reported net profit	HK217.4 cents	HK90.6 cents	+140%
Full-year dividend per share	HK150.0 cents	HK250.0 cents	-40%
– Interim dividend per share	HK30.0 cents	HK10.0 cents	+200%
– Special interim dividend per share	–	HK190.0 cents	N/A
– Proposed final dividend per share	HK120.0 cents	HK35.0 cents	+243%
– Proposed special final dividend per share	–	HK15.0 cents	N/A
Net asset value per share	HK\$6.10	HK\$4.59	+33%
Net cash	150.0	3,756.1	

* Excluding:

FY2020: Loss on fair value changes of investment properties of HK\$0.7 million and gain on disposal of a subsidiary with amount of HK\$27.6 million

PERFORMANCE

The period under review saw strong market growth and changes. Taking advantage of this, the Laminates Division expanded its penetration into its existing clientele, while at the same time making forays into new markets. It was thus able to increase its market share of high-end and high-value-added products, including thin laminates, high-frequency, high-speed and halogen-free laminates. Shipment volume recorded a satisfactory growth. In the meantime under a demand pull, the Group's upstream materials, including copper foil, epoxy resins, glass yarn and glass fabric, experienced shortages to varying degrees, driving multiple price increases for materials and subsequently for laminates. Equipped with a vertically integrated value chain, enabling the Group to be fully self-sufficient in upstream materials, the Group was able to enjoy the benefits of price increases in both upstream and downstream products. Coupled with stringent cost control, this enabled the Group to significantly raise its profit margin. Revenue of the Laminates Division was up by 71% to HK\$27,993.8 million, with earnings before interest, taxes, depreciation and amortisation ("EBITDA") also increasing 128% to HK\$8,833 million.

The Property Division recorded partial recognition of sales of the Huaqiao Kingboard Yu Garden Phases 4 and 5 in eastern China. Segment revenue amounted to HK\$722.9 million, representing a decline of 9%. EBITDA went down by 9% to HK\$336.7 million.

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial and liquidity position remained robust. As at 31 December 2021, Group net current assets and current ratio were HK\$9,525.2 million (31 December 2020: HK\$6,278.5 million) and 1.97 (31 December 2020: 1.54) respectively.

The net working capital cycle decreased to 102 days as at 31 December 2021 from 107 days as at 31 December 2020 on the following key metrics:

- Inventories, in terms of stock turnover days, were 51 days (31 December 2020: 50 days).
- Trade receivables, including amounts due from fellow subsidiaries, in terms of debtor turnover days, were 83 days (31 December 2020: 97 days).
- Trade and bills payable (excluding bills payable for properties, plant and equipment), including amounts due to fellow subsidiaries, in terms of creditor turnover days, were 32 days (31 December 2020: 40 days).

As at 31 December 2021, the Group held net cash (bank balances and cash net of bank borrowings) of HK\$150.0 million (31 December 2020: HK\$3,756.1 million). In 2021, the Group invested approximately HK\$1,200 million on new capacity and approximately HK\$200 million on its property business. The Group believes that with an experienced management team, solid business foundations and a strong financial position, these investments will deliver stable and satisfactory returns for shareholders in the long term. The proportion of short-term to long-term bank borrowings stood at 67%:33% (31 December 2020: 80%:20%). The Group has adequate financial resources to fulfil its requirements for future market developments. The group's syndication loan will be expired in 2022 and expect the refinancing plan will have the positive response from the bankers.

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 workforce of approximately 9,900 (31 December 2020: 9,500). 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

The increasing popularity of technologies supporting smart medical care, production automation and augmented reality has spurred 5G application, while enterprise software upgrades and the proliferation of cloud applications will lead to upgrade requirements for related equipment. In the automobile sector, new energy and smart vehicles will continue to be the trend forward. A new wave of replacement demand for home appliances is also foreseen. As a result, the laminates industry will enter a new growth cycle. To cope with market demand growth, the Group has made advanced plans to expand its capacity in Shaoguan, Guangdong Province, adding a monthly capacity of 1.2 million sheets of laminates, which will be fully commissioned by the end of this year. The Group will also add upstream capacity in Qingyuan, including monthly capacities of 1,500 tonnes of copper foil and 4,200 tonnes of glass yarn. To add a monthly capacity of 13 million metres of glass fabric in Shaoguan, in order to further strengthen the Group's vertical value chain. 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 its overseas clients. In terms of product quality, the Group will strengthen the collaboration of marketing, production and research and development departments in order to speed up the upgrades of thin laminate and high-frequency, high-speed and halogen-free laminate products. It will continue to collaborate with clients to expand the accreditation for high-end products. We have full confidence in the Group's development in 2022, and anticipate even stronger advantage to be derived from our vertical set-up. The Group will continue to win customers' trust based on its reliable product quality and delivery. The Group's management will remain dedicated to generating strong returns to our shareholders.

APPRECIATION

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

FINAL DIVIDEND

The proposed final dividend of HK120 cents, 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 Thursday, 7 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 Investor Services 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 Investor Services 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 (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 non-executive directors and the independent non-executive directors are not appointed for a specific term. 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 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 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.

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 Laminates Holdings Limited
Cheung Kwok Wa
Chairman

Hong Kong, 18 March 2022

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 and Zhou Pei Feng, being the executive directors, Mr. Lo Ka Leong, being the non-executive director, and Messrs. Ip Shu Kwan, Stephen, Zhang Lu Fu, Kung, Peter and Ho Kwok Ming, being the independent non-executive directors.