

ong ong xch nges nd le ring imited nd The Stock xch nge of ong ong imited t ke no responsibility for the contents of this nouncement, m ke no represent ion s to its ccur cy or completeness nd expressly discl im ny li bility wh tsoever for ny loss howsoever rising from or in reli nce upon the whole or ny p rt of the contents of this nouncement.

KB

KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(ncorpor ted in the ym n sl nds with limited li bility)

(Stock Code: 148)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS			
	FY2014	FY2013	Change
	\$'million	\$'million	
Revenue	35,905.8	35,683.5	+1%
EBITDA*	5,239.1	5,323.9	-2%
Profit before tax*	2,442.5	2,538.1	-4%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,800.7	1,880.0	-4%
– Reported net profit	2,536.8	2,961.4	-14%
Basic earnings per share			
– Based on underlying net profit*	HK\$1.756	HK\$1.833	-4%
– Based on reported net profit	HK\$2.473	HK\$2.887	-14%
Full-year dividend per share	HK50.0 cents	HK50.0 cents	–
– Interim dividend per share	HK20.0 cents	HK10.0 cents	+100%
– Special dividend per share	–	HK20.0 cents	-100%
– Proposed final dividend per share	HK30.0 cents	HK20.0 cents	+50%
Dividend payout ratio#	28%	27%	
Net asset value per share	HK\$34.8	HK\$33.3	+5%
Net gearing	42%	42%	

* Excluding:

- (1) Gain on fair value changes of investment properties of HK\$1,040.5 million (net of deferred tax and portion shared by non-controlling shareholders) (FY2013: HK\$1,122.9 million).
- (2) Share-based payments of HK\$6.9 million (net of portion shared by non-controlling shareholders) (FY2013: HK\$41.4 million).
- (3) Impairment loss recognised in respect of properties, plant and equipment of HK\$297.5 million (net of portion shared by non-controlling shareholders) (FY2013: Nil).

Calculated base on underlying net profit

※ For identific tion purpose only

The board of directors (the “Board”) of Kingboard Chemical 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 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	<i>Notes</i>	2014 \$'000	2013 \$'000
Revenue	2	35,905,766	35,683,457
Cost of sales and services rendered		<u>(31,308,307)</u>	<u>(31,025,972)</u>
Gross profit		4,597,459	4,657,485
Other income, gains and losses	3	534,566	419,000
Distribution costs		(984,007)	(942,139)
Administrative costs		(1,644,319)	(1,495,885)
Gain on fair value changes of investment properties		1,381,549	1,406,679
Gain on disposal of available-for-sale investments		206,884	144,901
Share-based payments		(7,398)	(44,756)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 \$'000	2013 \$'000
Profit for the year	<u>2,821,006</u>	<u>3,291,623</u>
Other comprehensive (expense) income for the year		
<i>Items that will not be reclassified to profit or loss</i>		
Translation reserve:		
Exchange differences arising from translation to presentation currency	(363,993)	962,601
Property revaluation reserve:		
Fair value changes on properties transferred to investment properties	<u>–</u>	<u>5,142</u>
	<u>(363,993)</u>	<u>967,743</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Investment revaluation reserve:		
Fair value changes of available-for-sale investments	(96,733)	367,677
Reclassification adjustment relating to disposal of available-for-sale investments	(210,660)	(145,426)
Translation reserve:		
Exchange differences arising from translation of foreign operations	(757)	4,672
Share of change in reserve of associates	<u>(10,890)</u>	<u>20,498</u>
	<u>(319,040)</u>	<u>247,421</u>
Other comprehensive (expense) income for the year (net of tax)	<u>(683,033)</u>	<u>1,215,164</u>
Total comprehensive income for the year	<u><u>2,137,973</u></u>	<u><u>4,506,787</u></u>
Total comprehensive income attributable to:		
Owners of the Company	1,908,094	4,039,154
Non-controlling interests	<u>229,879</u>	<u>467,633</u>
	<u><u>2,137,973</u></u>	<u><u>4,506,787</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31, eember 2014

	<i>Notes</i>	2014 \$'000	2013 \$'000
Non-current assets			
Investment properties		10,192,857	7,700,029
Properties, plant and equipment		17,451,622	18,201,741
Prepaid lease payments		979,178	1,018,926
Other non-current assets		732,430	734,889
Goodwill		2,288,149	2,288,149
Interests in associates		1,370,686	677,650
Available-for-sale investments		3,258,454	4,250,508
Entrusted loans	9	1,442,509	1,405,331
Non-current deposits		415,171	505,609
Deferred tax assets		4,862	4,750
		<u>38,135,918</u>	<u>36,787,582</u>
Current assets			
Inventories		2,801,004	3,145,193
Properties held for development		19,148,646	17,387,531
Trade and other receivables and prepayments	9	8,819,189	8,799,141
Bills receivables	9	2,112,632	2,302,770
Prepaid lease payments		27,799	28,135
Taxation recoverable		28,155	46,649
Bank balances and cash		4,559,399	6,363,240
		<u>37,496,824</u>	<u>38,072,659</u>
Current liabilities			
Trade and other payables	10	4,847,246	4,623,108
Bills payables	10	771,361	715,412
Deposits received from pre-sale of residential units		4,610,399	3,857,305
Derivative financial instruments		6,779	–
Taxation payable		522,693	603,661
Bank borrowings		9,803,898	7,172,390
		<u>20,562,376</u>	<u>16,971,876</u>
Net current assets		<u>16,934,448</u>	<u>21,100,783</u>
Total assets less current liabilities		<u>55,070,366</u>	<u>57,888,365</u>

	2014	2013
	<i>\$'000</i>	<i>\$'000</i>
Non-current liabilities		
Deferred tax liabilities	846,072	521,196
Bank borrowings	12,251,104	16,507,210
	<u>13,097,176</u>	<u>17,028,406</u>
	<u>41,973,190</u>	<u>40,859,959</u>
Capital and reserves		
Share capital	102,560	102,560
Share premium and reserves	35,573,748	34,055,683
	<u>35,676,308</u>	<u>34,158,243</u>
Equity attributable to owners of the Company	6,296,882	6,701,716
Non-controlling interests	<u>41,973,190</u>	<u>40,859,959</u>
Total equity	<u>41,973,190</u>	<u>40,859,959</u>

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

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 HKFRS 10, HKFRS 12 and Hong Kong Accounting Standard (“HKAS”) 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKFRS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

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 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:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ³
Amendments to HKAS 1	Disclosure initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ³
Amendments to HKAS 19	Defined benefit plans: Employee contributions ³
Amendments to HKAS 27	Equity method in separate financial statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ³
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

2. SEGMENT INFORMATION

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 five main operating divisions – (i) manufacture and sale of laminates, (ii) manufacture and sale of printed circuit boards (“PCBs”), (iii) manufacture and sale of chemicals, (iv) property development and investments (“Properties”) and (v) others (including service income, manufacture and sale of liquid crystal displays and magnetic products and hotel business). In past years, properties segment comprised of letting properties, sales of properties and hotel business, however, information of properties segment reported to the CODM for the purpose of resource allocation and assessment of performance has changed in 2014 as the continuous expansion of letting properties and sales of properties in recent years. As a result, the letting properties business and sales of properties business are grouped in “Properties” to report to CODM while the hotel business is grouped in “Others”. 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 results of associates, gain on disposal of available-for-sale investments, impairment loss recognised in respect of properties, plant and equipment, income tax expenses, finance costs, share-based payments and unallocated corporate income and expenses).

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

	Laminates \$'000	PCBs \$'000	Chemicals \$'000	Properties \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Year ended 31 December 2014							
Segment revenue							
External sales	11,476,942	7,474,287	13,575,058	2,691,109	688,370	-	35,905,766
Inter-segment sales	1,977,236	-	732,886	-	6,444	(2,716,566)	-
Total	<u>13,454,178</u>	<u>7,474,287</u>	<u>14,307,944</u>	<u>2,691,109</u>	<u>694,814</u>	<u>(2,716,566)</u>	<u>35,905,766</u>
Result							
Segment result	<u>1,369,815</u>	<u>116,322</u>	<u>402,775</u>	<u>2,031,587</u>	<u>20,803</u>		3,941,302
Gain on disposal of available-for-sale investments							206,884
Impairment loss recognised in respect of properties, plant and equipment							(303,074)
Share-based payments							(7,398)
Unallocated corporate income							217,446
Unallocated corporate expenses							(273,500)
Finance costs							(444,995)
Share of results of associates							176,956
Profit before taxation							<u>3,513,621</u>

Inter-segment sales are charged by reference to market prices.

	Laminates \$'000	PCBs \$'000	Chemicals \$'000	Properties \$'000	Others \$'000	Eliminations \$'000	Consolidated \$'000
Year ended 31 December 2013							
Segment revenue							
External sales	10,994,401	7,155,270	16,375,102	472,575	686,109	-	35,683,457
Inter-segment sales	<u>2,061,945</u>	<u>-</u>	<u>827,257</u>	<u>-</u>	<u>5,414</u>	<u>(2,894,616)</u>	<u>-</u>
Total	<u>13,056,346</u>	<u>7,155,270</u>	<u>17,202,359</u>	<u>472,575</u>	<u>691,523</u>	<u>(2,894,616)</u>	<u>35,683,457</u>
Result							
Segment result	<u>1,410,875</u>	<u>302,325</u>	<u>652,451</u>	<u>1,753,598</u>	<u>17,836</u>		4,137,085
Gain on disposal of available-for-sale investments							144,901
Share-based payments							(44,756)
Unallocated corporate income							185,249
Unallocated corporate expenses							(277,194)
Finance costs							(479,661)
Share of results of associates							<u>234,349</u>
Profit before taxation							<u>3,899,973</u>

Inter-segment sales are charged by reference to market prices.

The Group's operations are located in the People's Republic of China ("PRC") (country of domicile) and Thailand.

The analysis of the Group's revenue from external customers by geographical location based on where the goods sold and delivered and services are rendered, is as follows:

	2014 \$'000	2013 \$'000
The PRC (country of domicile)	31,458,507	31,382,916
Other Asian countries (including Thailand, Japan, Korea)	1,200,150	1,200,150

3. OTHER INCOME, GAINS AND LOSSES

2014

2013

6. INCOME TAX EXPENSE

	2014	2013
	<i>\$'000</i>	<i>\$'000</i>
The amount comprises:		
Hong Kong Profits Tax		
Charge for the year	11,013	10,902
Overprovision in previous years	(132)	–
	<u>10,881</u>	<u>10,902</u>
PRC Enterprise Income Tax		
Charge for the year	278,807	309,164
Overprovision in previous years	(3,393)	(1,822)
	<u>275,414</u>	<u>307,342</u>
PRC Land Appreciation Tax (“LAT”)	43,171	–
Taxation arising in other jurisdictions	4,477	9,001
Withholding tax on distributed profits of PRC entities	19,401	11,326
Deferred taxation	339,271	269,779
	<u>692,615</u>	<u>608,350</u>

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

Under the Law of the PRC 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.

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.

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

7. DIVIDENDS

	2014 \$'000	2013 \$'000
Dividends declared and paid		
Interim dividend for the year ended 31 December 2014 of HK20 cents (for the year ended 31 December 2013: HK10 cents) per ordinary share	205,120	102,560
Special dividend for the year ended 31 December 2013 of HK20 cents (for the year ended 31 December 2014: nil) per ordinary share	–	205,120
Final dividend for the year ended 31 December 2013 of HK20 cents (for the year ended 31 December 2013: final dividend for 2012 of HK42 cents or HK35 cents after adjusting for the bonus share issue in 2013) per ordinary share	<u>205,120</u>	<u>358,960</u>
	<u>410,240</u>	<u>666,640</u>

Dividend proposed

Proposed final dividend for the year ended 31 December 2014 of HK30 cents (for the year ended 31 December 2013: HK20 cents) per ordinary share	<u>307,680</u>	<u>205,120</u>
--	----------------	----------------

The final dividend of HK30 cents (2013: HK20 cents) per ordinary share amounting to HK\$307,680,000 (2013: HK\$205,120,000) in respect of the year ended 31 December 2014 has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

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

	2014 \$'000	2013 \$'000
Earnings for the purpose of calculating basic and diluted earnings per share	<u>2,536,800</u>	<u>2,961,409</u>
	Number of shares	
	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>1,025,600,236</u>	<u>1,025,600,236</u>

The calculation of diluted earnings per share for the years ended 31 December 2014 and 2013 did not take into account the effects of share options of the Company and Kingboard Laminates Holdings Limited ("KLHL"), a listed subsidiary of the Group in Hong Kong, as the exercise prices of the outstanding share options were higher than the average market prices of the Company's and KLHL's shares during the years ended 31 December 2014 and 2013.

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

	2014	2013
	<i>\$'000</i>	<i>\$'000</i>
Trade receivables	5,824,256	5,763,394
Advance to suppliers	918,567	790,279
Deposits paid for acquisition of land use rights of development of properties held for sale (Note i)	–	237,586
Entrusted loans (Note ii)	1,523,916	1,486,277
Prepayment and deposits	794,622	644,736
Value added tax recoverables	614,930	797,875
LAT on pre-sale properties	106,849	53,859
Amount due from a non-controlling shareholder of a subsidiary (Note iii)	–	237,125
Other receivables	478,558	193,341
	<u>10,261,698</u>	<u>10,204,472</u>
Less: Non-current portion of entrusted loans (Note ii)	<u>(1,442,509)</u>	<u>(1,405,331)</u>
	<u>8,819,189</u>	<u>8,799,141</u>

Notes:

- (i) The amount represents deposits paid for acquisition of land use rights in PRC which are to be acquired for the purpose of future development for sale.
- (ii) The entrusted loans of HK\$1,523,916,000 (2013: HK\$1,486,277,000) are due from certain purchasers of properties developed by the Group in the PRC through four (2013: three) commercial banks in the PRC (the “Lending Agents”). The entrusted loans are interest bearing ranging from 5.219% to 7.205% (2013: 4.595% to 7.50%) per annum payable on monthly basis and the principal will be payable on or before 2034 (2013: 2033). The purchasers of the Group’s properties has pledged to the Lending Agents the respective properties purchased. These properties are located at Kunshan.
- (iii) The amount represented consideration receivables from a non-controlling shareholder of a subsidiary in relation to the capital injection of a property development project in PRC. The amount was fully settled during 2014.

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

	2014 \$'000	2013 \$'000
0 – 90 days	4,306,769	4,332,227
91 – 180 days	1,425,593	1,358,850
Over 180 days	91,894	72,317
	<u>5,824,256</u>	<u>5,763,394</u>

All bills receivables of the Group are aged within 90 days (2013: 90 days) at the end of the reporting period.

10. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

The average credit period on purchases of goods is 90 days (2013: 90 days). The following is an aging analysis of the trade payables at the end of the reporting period:

	2014 \$'000	2013 \$'000
0 – 90 days	2,195,122	2,083,147
91 – 180 days	403,578	466,563
Over 180 days	173,186	176,862
	<u>2,771,886</u>	<u>2,726,572</u>

All bills payables of the Group are aged within 90 days (2013: 90 days) at the end of the reporting period.

BUSINESS REVIEW

It is with pleasure that I report to shareholders a set of resilient results for Kingboard Chemical Holdings Limited (the “Group”) during the financial year ended 31 December 2014 (“FY2014”). The year saw divergent paces of development among major economics worldwide. While a clear recovery was witnessed in the United States, China has lowered its expected rate of growth to the ‘mid-high’ gear, and the Eurozone and Japan were both hovering at low levels of growth. Helped by capacity expansion and active market development, the laminates division posted a satisfactory performance with laminates shipments climbing to a record high volume. The printed circuit board (“PCB”) division also registered growth in sales to the automotive and telecommunications sectors. However, the division’s results were negatively impacted by the restructuring of Elec & Eltek Group, thus recording a decline in segment results year on year. The chemical division also recorded a slight drop in performance amidst a sharp plunge of global crude oil prices in the fourth quarter. The property division benefited from the full booking of sales of Qiandeng Yu Garden Phase I, Kunshan, contributing significant earnings to the Group. Rental income from investment properties also continued to grow steadily.

All core business divisions were able to contribute earnings to the Group despite a very challenging market for the manufacturing sector. In 2014, Group revenue increased 1% over the previous year to HK\$35,905.8 million, delivering an underlying net profit (excluding non-recurring items) of HK\$1,800.7 million, a mild drop of 4%. Basic earnings per share based on underlying net profit were HK\$1.756. Reported net profit decreased 14% to HK\$2,536.8 million, with basic earnings per share based on reported net profit amounting to HK\$2.473. The Group maintained a robust financial position. The Board has proposed a final dividend of HK30 cents per share, subject to shareholders’ approval. Together with the interim dividend of HK20 cents per share paid in September 2014, constitutes a full-year dividend of HK50 cents, representing a payout ratio of 28%.

FINANCIAL HIGHLIGHTS

	FY2014	FY2013	Change
	<i>\$'million</i>	<i>\$'million</i>	
Revenue	35,905.8	35,683.5	+1%
EBITDA*	5,239.1	5,323.9	-2%
Profit before tax*	2,442.5	2,538.1	-4%
Net profit attributable to owners of the Company			
– Underlying net profit*	1,800.7	1,880.0	-4%
– Reported net profit	2,536.8	2,961.4	-14%
Basic earnings per share			
– Based on underlying net profit*	HK\$1.756	HK\$1.833	-4%
– Based on reported net profit	HK\$2.473	HK\$2.887	-14%
Full-year dividend per share	HK50.0 cents	HK50.0 cents	–
– Interim dividend per share	HK20.0 cents	HK10.0 cents	+100%
– Special dividend per share	–	HK20.0 cents	-100%
– Proposed final dividend per share	HK30.0 cents	HK20.0 cents	+50%
Dividend payout ratio#	28%	27%	
Net asset value per share	HK\$34.8	HK\$33.3	+5%
Net gearing	42%	42%	

* Excluding:

- (1) Gain on fair value changes of investment properties of HK\$1,040.5 million (net of deferred tax and portion shared by non-controlling shareholders) (FY2013: HK\$1,122.9 million).
- (2) Share-based payments of HK\$6.9 million (net of portion shared by non-controlling shareholders) (FY2013: HK\$41.4 million).
- (3) Impairment loss recognised in respect of properties, plant and equipment of HK\$297.5 million (net of portion shared by non-controlling shareholders) (FY2013: Nil).

Calculated base on underlying net profit

PERFORMANCE

The laminates division delivered satisfactory performance during the year. To further strengthen our vertical production setup, the Group has invested actively in expanding the capacities of upstream materials, including glass yarn and glass fabric, in order to provide feedstock for expanded laminates production. During the year, as capacity increased, the Group's monthly laminates shipment climbed to a record high volume of 9.83 million square metres, an increase of 5% over 2013. Segment turnover (including inter-segment sales) from the laminates division rose 3% year on year to HK\$13,454.1 million. Earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased 1% to HK\$2,108.7 million.

Strong sales of telecommunications and automotive-related electronic products have fuelled the growth of the PCB market. The PCB division therefore recorded a 4% growth in segment

The net working capital cycle was reduced from 56 days as at 31 December 2013 to 51 days as at 31 December 2014 on the following key metrics:

- Inventories, in terms of stock turnover days, decreased to 33 days from last year (31 December 2013: 37 days) as a result of strengthened inventory control.
- Trade receivables, in terms of debtors turnover days, was 59 days (31 December 2013: 59 days).
- Trade and bills payables, in terms of creditors turnover days, was 41 days (31 December 2013: 40 days).

The Group's net gearing ratio (ratio of interest-bearing borrowings net of cash and cash equivalents to total equity) was approximately 42% (31 December 2013: 42%). The proportion of bank borrowings between short term and long term stood at 44%:56% (31 December 2013: 30%:70%). During the year under review, the Group invested HK\$2,100 million and HK\$4,900 million in new production capacity and property development projects respectively. With a professional and seasoned management team coupled with our concrete business foundation and robust balance sheet, the Group is confident that these investments will generate stable and attractive long-term returns to our shareholders. Less than 3% of the Group's bank borrowings were denominated in RMB, while the remainder were in Hong Kong dollars or US dollars.

The Group continued to adopt a prudent financial management policy. It has entered into forward currency contracts in order to minimize the Group's foreign exchange exposure. As at 31 December 2014, such contracts had a fair value of HK\$6.8 million. Other than the aforesaid instrument which was related to the Group's normal course of business, the Group did not enter into any other types of derivative financial instruments, nor did the Group have any material foreign exchange exposure during the year. 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 2014, the Group had a global workforce of approximately 45,300 (31 December 2013: 43,800). The increase in workforce was mainly due to the increased staff force at the newly completed laminates plant in Jiangmen, Guangdong Province. 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 achievement and employees' individual performance. The Group's continued success relies on a comprehensive human resources strategy. The Kingboard Institute of Management was established with a vision to focus on management training of middle and senior management for the Group. The Group also recruits fresh graduates from both mainland China and Hong Kong each year in its search for and nurture of talents. In future, the Group will continue its efforts in developing and retaining staff through its management training schemes, in order to add momentum to the long-term development of the Group.

PROSPECTS

Management holds an optimistic outlook for the Group's development in 2015 despite the intense competition in the global manufacturing sector. We will strive to enhance the operating efficiency of all divisions. In view of the opportunities emerging from China's structural optimization of the manufacturing sector, we will increase our input in businesses related to

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 2014 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