



## KINGBOARD HOLDINGS LIMITED

建滔集團有限公司

Kingboard Holdings Limited (Incorporated in Hong Kong)

(Stock Code: 148)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

#### FINANCIAL HIGHLIGHTS

	FY 2023	FY 2022	Change
<b>Revenue</b>	39,712.5	49,375.9	-20%
<b>EBITDA*</b>	6,139.0	9,445.3	-35%
<b>Profit before tax*</b>	3,025.2	7,050.0	-57%
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	2,274.3	3,882.7	-41%
– Reported net profit	2,063.0	3,655.2	-44%
<b>Basic earnings per share</b>			
– Based on underlying net profit*	HK\$2.05	HK\$3.50	-41%
– Based on reported net profit	HK\$1.861	HK\$3.297	-44%
<b>Dividend per share for the year</b>	HK10 cents	HK105 cents	-3%
– Interim dividend per share	HK16 cents	HK30 cents	-47%
– Special Interim dividend per share	HK50 cents	–	N/A
– Proposed final dividend per share	HK36 cents	HK75 cents	-52%
<b>Net asset value per share</b>	HK\$53.9	HK\$54.2	-1%
<b>Net gearing</b>	29%	20%	45%

\* Excluding:

- (1) In 2023, net loss on fair value changes of investment properties with gross amount of HK\$113.4 million, net amount of HK\$100.1 million after share by non-controlling shareholders and deferred tax (2022: Net loss on fair value changes of investment properties with gross amount of HK\$147.6 million, net amount of HK\$114.8 million after share by non-controlling shareholders and deferred tax).
- (2) In 2023, share-based payments with gross amount of HK\$12.4 million, net amount of HK\$11.2 million after share of non-controlling shareholders (2022: Share-based payments with gross amount of HK\$12.3 million, net amount of HK\$11.7 million after share of non-controlling shareholders).

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2023	2022
Revenue	39,714,499	49,375,901
Cost of sales and services rendered	<u>(3,140,334)</u>	<u>(37,008,817)</u>
Gross profit	7,594,165	1,373,084
Other income, gains and losses	318,934	718
Distribution expenses	(1,68,398)	(1,407,916)
Administrative expenses	(237,760)	(334,871)
Gain (loss) on fair value changes of equity instruments at fair value through profit or loss	310,844	(2507)
Gain on disposal of debt instruments at fair value through other comprehensive income	30,009	114,66
Impairment losses under expected credit loss model on debt instruments at fair value through other comprehensive income	(283)	(1,579,000)
Impairment losses under expected credit loss model on loan receivable	(893,907)	–
Net loss on fair value changes of investment properties	(113,434)	(147,559)
Finance costs	(1,14,463)	(504,77)
Share of results of joint ventures	85,666	81,481
Share of result of an associate	90,378	181,648
	<u>787,711</u>	<u>6,777,07</u>
Income tax expense	(443,609)	(588,518)
Profit for the year	<u>344,10</u>	<u>4,188,554</u>
Profit for the year attributable to:		
Owners of the Company	206,971	3,655,40
Non-controlling interests	137,131	533,334
	<u>344,10</u>	<u>4,188,554</u>
Earnings per share		
Basic	<u>1.861</u>	<u>3.97</u>
Diluted	<u>1.861</u>	<u>3.97</u>

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

	<b>2023</b>	<b>2022</b>
Profit for the year	<u>344,102</u>	<u>4,188,554</u>
Other comprehensive (expense) income for the year		
Translation reserve:		
Exchange differences arising from translation to presentation currency	<u>(536,964)</u>	<u>(5,344,412)</u>
Investment revaluation reserve:		
Fair value loss on debt instruments at fair value through other comprehensive income	(375,471)	(40,488)
Reclassify to profit or loss upon disposal of		

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2023	2022
<b>Non-current assets</b>		
Investment properties	3,801,788	3,449,630
Property, plant and equipment	19,404,999	17,055,997
Right-of-use assets	1,951,478	1,910,795
Goodwill	670,528	670,528
Intangible assets	34,920	41,400
Interests in an associate	445,132	53,059
Interests in joint ventures	473,378	369,699
Equity instruments at fair value through profit or loss	19,727	1,855,832
Debt instruments at fair value through other comprehensive income	861,970	607,631
Entrusted loans	181,352	38,863
Deposits paid for acquisition of property, plant and equipment	744,378	1,313,750
Deferred tax assets	3,068	577
	54,792,718	52,048,061
<b>Current assets</b>		
Inventories	3,775,589	3,511,514
Properties held for development	15,419,688	16,896,546
Trade and other receivables and prepayments	7,975,716	8,221,655
Bills receivables	3,447,158	3,128,233
Loan receivable	721,591	1,880,000
Equity instruments at fair value through profit or loss	8,905,029	4,685,245
Debt instruments at fair value through other comprehensive income	-	22,302
Taxation recoverable	326,266	76,159
Restricted bank deposits	10,089	130,100
Cash and cash equivalents	4,088,322	6,693,336
	44,175,808	45,245,090

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

	2023	2022
<b>Current liabilities</b>		
Trade and other payables	6,311,534	6,473,651
Bills payables	661,797	650,061
Contract liabilities	1,668,443	1,601,534
Dividends payable	780,607	455,444
Taxation payable	1,354,001	1,684,177
Bank borrowings – amount due within one year	8,145,695	5,469,171
Lease liabilities	3,044	4,478
	18,933,141	17,136,494
<b>Net current assets</b>	5,454,687	4,810,598
<b>Total assets less current liabilities</b>	80,045,405	80,156,659
<b>Non-current liabilities</b>		
Deferred tax liabilities	831,848	978,146
Bank borrowings – amount due after one year	14,776,988	14,477,991
Lease liabilities	1,967	4,711
	15,610,783	15,460,848
<b>Net assets</b>	64,434,622	64,695,831
<b>Capital and reserves</b>		
Share capital	110,831	110,879
Reserves	59,630,530	59,946,776
	59,741,361	60,057,655
<b>Equity attributable to owners of the Company</b>	59,741,361	60,057,655
<b>Non-controlling interests</b>	4,693,261	4,638,176
<b>Total equity</b>	64,434,622	64,695,831

## 1. BASIS OF PREPARATION

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

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

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

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

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

## 2. SEGMENT INFORMATION

HKFRS 8 “Operating Segments” (“HKFRS 8”) requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, who are the Chief Operating Decision Makers (“CODM”), in order to allocate resources to segments and to assess their performance. Specifically, the Group’s reportable segments under HKFRS 8 are organised into six main operating divisions – (i) laminates, (ii) PCBs, (iii) chemicals, (iv) properties, (v) investments (mainly investment income from debt instruments at fair value through other comprehensive income and equity instruments at fair value through profit or loss) and (vi) others (mainly including service income, manufacture and sale of magnetic products and hotel business).

The accounting policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS consolidated financial statements. Segment results represent the profit earned by/loss from each segment with certain items not included (share of result of an associate, share of results of joint ventures, finance costs, share-based payments, impairment losses under expected loss model on loan receivable and unallocated corporate income and expenses). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

**2. SEGMENT INFORMATION – continued**

Segment revenue and results by reportable segments are presented below:

**For the year ended 31 December 2023**

## 2. SEGMENT INFORMATION – continued

### For the year ended 31 December 2022

	Laminates	PCBs	Chemicals	Properties	Investments	Others	Eliminations	Consolidated
Segment revenue								
External sales	15,835,530	13,183,716	13,186,577	6,461,552	401,109	507,417	–	49,375,901
Inter-segment sales	4,103,036	–	706,800	–	–	14,926	(4,844,762)	–
Total	<u>19,938,566</u>	<u>13,183,716</u>	<u>13,893,377</u>	<u>6,461,552</u>	<u>401,109</u>	<u>522,343</u>	<u>(4,844,762)</u>	<u>49,375,901</u>
Result								
Segment results	<u>2,307,013</u>	<u>1,058,937</u>	<u>2,464,665</u>	<u>2,933,224</u>	<u>(1,286,131)</u>	<u>(1,909)</u>		7,465,799
Unallocated corporate income								53,272
Unallocated corporate expenses								(375,556)
Finance costs								(504,272)
Share-based payments								(125,300)
Share of results of joint ventures								81,481
Share of result of an associate								181,648
Profit before taxation								<u>6,777,072</u>

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

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

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

	2023	2022
The PRC (country of domicile)	34,652,221	44,824,413
Other Asian countries (including Thailand, Japan, Korea and Singapore)	2,531,228	2,119,016
Europe	1,853,185	1,470,017
America	675,865	96,255
	<u>39,712,499</u>	<u>49,375,901</u>

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

### 3. OTHER INCOME, GAINS AND LOSSES

	2023	2022
Other income, gains and losses includes:		
Interest income on bank balances and deposits	11,456	63,543
Interest income on entrusted loans	11,939	16,523
Interest income from loan receivable	144,262	159,800
Government grants	59,612	75,056
Loss on disposal and written off of property, plant and equipment	(30,479)	(1,740)
Others	1,144	35,022
	<u>318,934</u>	<u>347,718</u>

### 4. FINANCE COSTS

	2023	2022
Interest on bank borrowings	1,148,839	5,7614
Imputed interest on contract liabilities	–	6,502
Interest on lease liabilities	329	433
Less: Amounts capitalised in the properties held for development	(13,170)	(34,266)
Amounts capitalised in the construction in progress	(11,535)	(16,011)
	<u>1,144,463</u>	<u>504,472</u>

Bank and other borrowing costs capitalised during the year include imputed interest on contract liabilities of HK\$ nil (2022: HK\$6,502,000) as well as, bank borrowing costs arising from the general borrowing pool which were calculated by applying a weighted average capitalisation rate of 5.04% (2022: 3.65%) per annum to expenditure on qualifying assets.

### 5. DEPRECIATION

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

## 6. INCOME TAX EXPENSE

	2023	2022
The amount comprises:		
PRC Enterprise Income Tax (“EIT”)	31,617	1,134,627
PRC Land Appreciation Tax (“LAT”)	40,468	657,683
Hong Kong Profits Tax	1,485	50,422
Taxation arising in other jurisdictions	50,470	4,435
Withholding tax in the PRC	158,841	333,725
Over-provision in previous years	(1,479)	(6,758)
	<u>573,402</u>	<u>2,187,134</u>
Deferred taxation	(1,979,793)	376,384
	<u>443,609</u>	<u>2,588,518</u>

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Under the EIT Law, withholding tax of 5% – 10% is imposed on dividends declared in respect of profits earned by subsidiaries in Mainland China from 1 January 2008 onwards. Pursuant to the EIT Law, a High-New Technology Enterprise shall be entitled to a preferential tax rate of 15% for three years since it was officially endorsed. Certain subsidiaries of the Company in the PRC obtained official endorsement as a High-New Technology Enterprise and with the expiry dates on or before 2025 (2022: 2024).

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation’s official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

On 31 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors of the Company (the “Directors”) considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

7. **DIVIDENDS**

	<b>2023</b>	<b>2022</b>
	HK\$	HK\$
<b>Dividends declared and/or paid</b>		
<del>2023</del> Interim dividend of HK16 cents ( <del>2022</del> : HK30 cents) per ordinary share	177,330	332,637

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

	2023	2022
Trade receivables	7,634,086	7,989,399
Less: Allowance for credit losses	(1,090,600)	(1,176,760)
Trade receivables, net	6,543,486	6,812,639
Advance to suppliers	40,419	89,333
Entrusted loans	199,287	61,693
Prepayment and deposits	318,147	37,618
Value added tax recoverables	713,472	535,470
Other receivables	180,257	33,865
	8,157,068	8,460,518
Less: Non-current portion of entrusted loans	(181,352)	(38,863)
	<u>7,975,716</u>	<u>8,421,655</u>

As at 1 January 2023, the gross carrying amount of trade receivables from contracts with customers amounted to HK\$10,836,887,000 with allowance for credit losses of HK\$1,257,523,000.

The entrusted loans of HK\$199,287,000 (2022: HK\$61,693,000) are due from certain purchasers of properties developed by the Group in the PRC through four (2022: four) commercial banks in the PRC (the “Lending Agents”). The entrusted loans carry interest at variable rates ranging from 3.43% to 4.9% (2022: 3.43% to 5.39%) per annum, payable on monthly basis and the principal will be payable on or before 2034 (2022: 2034). The purchasers of the Group’s properties has pledged to the Lending Agents the respective properties purchased. These properties are located in Kunshan, PRC.

As at 31 December 2023, entrusted loans amounting to HK\$181,352,000 (2022: HK\$38,863,000) are in respect of repayments due after 12 months from the end of the reporting period and are classified as non-current.

As at 31 December 2023, the carrying amount of entrusted loans is HK\$181,352,000 (2022: HK\$38,863,000).

	2023	2022
Trade receivables	7,634,086	7,989,399
Less: Allowance for credit losses	(1,090,600)	(1,176,760)
Trade receivables, net	6,543,486	6,812,639
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Less: Non-current portion of entrusted loans	(181,352)	(38,863)
	<u>7,975,716</u>	<u>8,421,655</u>

## 10. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

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

	2023	2022
0–90 days	HK\$1,082,362	HK\$1,571,104
91–180 days	369,882	412,482
Over 180 days	338,286	265,788
	<u>HK\$1,790,530</u>	<u>HK\$2,249,374</u>

Bills payables of the Group related to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables, which are aged within 90 days (as at 31 December 2022: 90 days) at the end of the reporting period. Included in bills payables as at 31 December 2022 was payables for acquisition of property, plant and equipment of HK\$109,343,000 (as at 31 December 2021: HK\$32,697,000).

## BUSINESS REVIEW

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

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

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

## FINANCIAL HIGHLIGHTS

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<b>Revenue</b>	39,712.5	49,375.9	-20%
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– Based on underlying net profit*	HK\$2.05	HK\$3.50	-41%
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<b>Dividend per share for the year</b>	HK102 cents	HK105 cents	-3%
– Interim dividend per share	HK16 cents	HK30 cents	-47%
– Special interim dividend per share	HK50 cents	–	N/A
– Proposed final dividend per share	HK36 cents	HK75 cents	-52%
<b>Net asset value per share</b>	HK\$53.9	HK\$54.2	-1%
<b>Net gearing</b>	29%	20%	

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## PERFORMANCE

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

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

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

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

## LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position remained robust. As at 31 December 2023, Group net current assets and current ratio (i.e. current assets divided by current liabilities) were HK\$5,457 million (31 December 2022: HK\$8,108.6 million) and 1.33 (31 December 2022: 1.64) respectively.

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

## HUMAN RESOURCES

As at 31 December 2023, the Group employed a global workforce of approximately 34,000 (31 December 2022: 35,000). Acknowledging the importance of staff members, the Group

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

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

**Chemicals Division:** The state continues to prioritise a development mode that emphasizes ecological protection and green transition in 2024. The Chemicals Division will take part in this national effort by actively promoting production safety and meeting emission standards. Additionally, the division will strive to enhance production efficiency and optimise resources utilisation to reduce energy consumption. The majority of the division’s phenol acetone and Bisphenol A output is driven by the demand for engineering-grade plastic materials used to lower the weight of new energy vehicles, photovoltaic film applied to solar power generators, and electric cables and wing paddles in wind turbines. To meet this growing demand, the annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, was commissioned in the second half of 2023, while the annual 240,000-tonne Bisphenol A project also went into production in the first half of 2024. Acetic acid is another major chemical that has a wide range of applications. As the downstream market grows, there has been a corresponding increase in demand for acetic acid. To this end, plans are underway to build an acetic acid project in Xingtai City, Hebei Province, with an annual capacity of 800,000 tonnes. The project will also adopt the advanced and energy-efficient carbon capture technology developed by the School of Environment, Tsinghua University. This new project will enable the Group to expand its presence in the chemicals industry. The Chemicals Division is dedicated to leveraging innovation and technology, while promoting enterprise-wide transformation towards a high-quality, green and low-carbon trajectory.

**Property Division:** With a portfolio of development properties invested in and mainly funded internally by the Group over the past few years, and the sales of completed residential properties primarily with no project loans attached currently, the division was therefore able to successfully mitigate the challenges in the Mainland property market. Adhering to the division’s cautious business strategy, there has been no acquisition of new land bank in the past five years. Instead, priority has been given to the scheduled sales of residential projects in eastern China, aiming to expedite capital recycling. In parallel, the division is recording steady growth in rental income, which is estimated to exceed HK\$1,400 million for the full year of 2024. The Group has strategically balanced its investment property portfolio across the United Kingdom, Hong Kong, and eastern and southern China, contributing to risk diversification and ensuring a continuous influx of stable cash flow for the Group.

## APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders, clients, banks, management, and employees for their unwavering support to the Group over the past year.

## FINAL DIVIDEND

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

## **CLOSURE OF REGISTER OF MEMBERS**

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2023, the Company repurchased 500,000 Shares on the Stock Exchange for an aggregate consideration of HK\$11,926,075 before expenses pursuant to the share buy-back mandate approved by our shareholders at the annual general meeting held on May 3, 2024. All of the repurchased Shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Date of repurchase	Purchase consideration per share		No. of shares repurchased	Aggregate
	Highest price paid	Lowest price paid		

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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

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

Hong Kong, 18 March 2024

*[Faint, illegible text, likely a signature or stamp]*