

For immediate release

KINGBOARD HOLDINGS LIMITED
Declares final dividend of HK60 cents, special final dividend HK50 cents for 2019
Seeks further growth from 5G and electric automobile sectors

Financial Highlights

	FY 2019 <i>HK\$'million</i>	FY 2018 <i>HK\$'million</i>	Change
Revenue	41,160.9	45,994.4	-11%
EBITDA*	8,245.9	10,212.2	-19%
Profit before tax*	5,565.0	7,621.3	-27%
Net profit attributable to owners of the Company			
– Underlying net profit*	3,415.8	4,603.1	-26%
– Reported net profit	3,094.4	6,075.8	-49%
Basic earnings per share			
– Based on underlying net profit*	HK\$3.146	HK\$4.313	-27%
– Based on reported net profit	HK\$2.850	HK\$5.692	-50%
Interim dividend per share	HK28 cents	HK60 cents	-53%
Special interim dividend per share	-	HK50 cents	N/A
Proposed final dividend per share	HK60 cents	HK70 cents	-14%
Proposed special final dividend per share	HK50 cents	-	N/A
Net asset value per share	HK\$45.4	HK\$43.7	+4%
Net gearing	31%	37%	

* Excluding:

- (1) Gain on fair value changes of investment properties with gross amount of HK\$6.3 million, net amount of HK\$1.1 million after sharing by non-controlling shareholders and deferred tax (2018: gross amount of HK\$174.9 million, net amount of HK\$138.0 million after sharing by non-controlling shareholders and deferred tax).
- (2) Share-based payment of HK\$229.2 million, net amount of HK\$199.8 million after sharing by non-controlling shareholders and deferred tax (2018: Nil).
- (3) Gain on disposal of a subsidiary of HK\$2,089.8 million in 2018 (2019: Nil).
- (4) Written off of property, plant and equipment with gross amount of HK\$219.1 million, net amount of HK\$122.7 million after sharing by non-controlling shareholders (2018: gross amount of HK\$764.1 million, net amount of HK\$755.1 million after sharing by non-controlling shareholders).

Hong Kong, March 23, 2020 – Kingboard Holdings Limited (the “Company”) (00148.HK) and its subsidiaries (the “Group”) today reported a healthy performance for the financial year ended 31 December 2019. Compared to 2018, revenue of the Group decreased 11% to HK\$41,160.9 million in 2019, posting an underlying net profit (excluding non-recurring items) of HK\$3,415.8 million, down by 26%. The Group maintained a robust financial position, and the Board has therefore proposed a final dividend of HK60 cents per share with a special final dividend of HK50 cents per share.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: “The Group has readied itself to cope with market fluctuations. With an industry-leading position, cost advantage derived from a

vertically integrated supply chain, and the management team's high efficiency and operational maturity, the Group is dedicated to securing existing sales channels and opening up new avenues. With a focus on cash flow management, the Group also seeks to lower its gearing ratio and build a robust balance sheet, in a bid to achieve substantial growth.”

During the first half of the year, US-China trade disputes and a slowdown in domestic consumption growth in China have impacted the industry leading to comparatively weaker demand. Stepping into the second half, the industry rebounded significantly, helped by expedited investments in 5G telecommunications equipment, as well as consumption growth for automobile and home appliances. The laminates division leveraged the opportunity afforded by the market revival to maintain its global leading position through an active sales strategy. The printed circuit boards (“PCB”) division has taken steps to enhance its product mix to meet the requirements of niche value-added markets, thereby raising the yield of this business stream. However, both the chemicals and property divisions reported declines in segment results owing respectively to a lower average selling price for chemical products and a drop in the booking of sales of residential units.

Laminates

Leveraging on the laminates division's strategic execution capability, the Group has secured the top position in the global ranking of laminates producers for many consecutive years. The laminates division utilised a competitive pricing strategy to increase penetration into existing clientele and to develop new customers during the first half of the year, amid subdued demand for electronics products. As demand began to be unleashed during the second half, the division was able to significantly increase shipments on the back of its supply chain advantage. However, as product prices did not start to pick up until nearly the end of the year, the average selling price achieved was lower than that of 2018, resulting in a 5% decline in segment turnover (including inter-segment sales) to HK\$16,351.5 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) fell 21% to HK\$2,790.4 million.

In 2020, the laminates segment will seek both “qualitative” and “quantitative” growth. On one hand, it has built a state-level laminates research and development base in Shenzhen, Guangdong Province, taking aim at the advanced and high value-adding market through upgrading its thin, high-frequency, high-speed and halogen-free laminates among other products. On the other hand, the segment will build new capacity for epoxy resin glass fabric laminates in Shaoguan, Guangdong Province, in three phases. The first phase, with a monthly capacity of 400,000 sheets, will go into trial production within the first half of this year.

Printed Circuit Boards

The proliferation of 5G telecommunications has brought about strong demand for network equipment. The PCB division has grasped the opportunity to enhance its product portfolio. With extensive production experience in high-density interconnect (“HDI”) PCB, the segment has successfully increased the proportion of high value-adding products for telecommunication applications. At the same time, the PCB division has deepened its collaboration with leading downstream automobile and consumer electronic plants. These efforts have helped drive the Group's foray into high-end, high value-adding market segments, thereby expanding the segment's profitability. During this transition of product portfolio enhancement, the PCB segment recorded a 1% decrease in segment turnover to HK\$9,623.2 million, while EBITDA expanded 4% to HK\$1,096.0 million.

5G telecommunications-related products are surfacing one after another. Electrification is also taking the automobile market by storm. The PCB division will seize this opportunity to bring to the fore its capacity advantage in telecommunications and automobiles, and to bolster up its collaboration with leading customers downstream. On the back of an improving product portfolio, the segment has been able to increase its yield. In the next stage, the segment will focus on boosting its capacity utilisation rate, so as to achieve a further sales volume breakthrough.

Chemicals

In the chemicals division, the average selling price of the key products declined compared with 2018 as the growth of domestic investments in mainland China slowed down. Despite the commissioning of a new project contributing an additional monthly capacity of 5,000 tonnes of epichlorohydrin, this capacity growth could not fully offset the impact of the sliding selling prices. Segment turnover (including inter-segment sales) dropped 17% to HK\$13,427.8 million, with EBITDA also down by 36% to HK\$1,364.0 million.

The chemicals division is committed to improving resources utilisation and strengthening environmental protection. Growth will be driven by the new caustic soda and epichlorohydrin production lines of the halogens chemical plant in Hengyang, Hunan Province, which will contribute full-year capacity in 2020. As China's economy continues to demonstrate resilience, the Group looks forward to a rebound in chemicals demand as infrastructure and other investments are expected to resume after the pandemic subsides.

Property

During the year, the property division recorded a 30% decrease in segment turnover to HK\$3,293.0 million, with EBITDA down by 10% to HK\$1,947.7 million. The decline mainly reflected the impact of mainland China's housing control measures, which led to a drop in the booking of unit sales. Residential sales turnover decreased 41% to HK\$2,137.7 million, whereas rental income grew steadily by 9% to HK\$1,155.3 million upon expiry of rent-free periods and as occupancy rates improved.

The Kau To project in Shatin, Hong Kong is planned for completion and delivery within the first half of this year, with booking of sales revenue expected. Meanwhile, the commercial property connected to the High Speed Rail Station in Kunshan, Jiangsu Province, is close to completion, with leasing commitments received from some core tenants. This project will provide impetus for the segment's rental income growth.

About Kingboard Holdings Limited

Kingboard Holdings Limited (00148.HK) is a global leader in laminates and printed circuit boards as well as a major chemical supplier in China. The Group's core manufacturing capability comprises an integrated network of more than 60 plants in China. It also holds a portfolio of property development projects and investment properties. The Kingboard Group of companies includes Kingboard Laminates Holdings Limited (01888.HK) and Elec & Eltek International Company Limited (01151.HK & E16:SES).

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