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KINGBOARD HOLDINGS LIMITED
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For immediate release

KINGBOARD HOLDINGS LIMITED

Delivered underlying net profit of HK$3,882.7 million in 2022
Final dividend of HK75 cents per share proposed
Moves forward low-carbon manufacturing initiatives along vertical value chain

Financial Highlights

	Year ended 31 December		
	2022	**2021**	**Change**
	HK$'million	*HK$'million*	
Revenue	**49,375.9**	56,755.3	-13%
EBITDA*	**9,445.3**	17,559.9	-46%
Net profit attributable to owners of the Company			
- Underlying net profit*	**3,882.7**	10,565.4	-63%
- Reported net profit	**3,655.2**	10,778.0	-66%
Basic earnings per share			
- Based on underlying net profit*	**HK$3.502**	HK$9.537	-63%
- Based on reported net profit	**HK$3.297**	HK$9.729	-66%
Dividend per share for the year	**HK105 cents**	HK300 cents	-65%
- Interim dividend per share	**HK30 cents**	HK56 cents	-46%
- Proposed final dividend per share	**HK75 cents**	HK244 cents	-69%
Net asset value per share	**HK$54.2**	HK$56.8	-5%
Net gearing	**20%**	19%	

**Excluding:*

(1) In 2022, 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 (2021: Gain on fair value changes of investment properties with gross amount of HK$14.4 million, net amount of HK$10.8 million after share by non-controlling shareholders and deferred tax).

(2) In 2022, share-based payments with gross amount of HK$125.3 million, net amount of HK$112.7 million after share of non-controlling shareholders (2021: Nil).

(3) In 2021, gain on disposal of a subsidiary with gross amount of HK$224.2 million, net amount of HK$201.8 million after tax (2022: Nil).

Hong Kong, 27 March 2023 – Kingboard Holdings Limited (00148.HK) (the "Company") and its subsidiaries (the "Group") today announced the full-year results for the year ended 31 December 2022 (the 'Period'). In view of the Group's robust financial position, a final dividend of HK75 cents per share was proposed.

During the Period, the Group recorded a decline in both laminate sales and unit prices, with chemical product prices also dropping from peak levels. Revenue of the Group therefore decreased 13% year on year to HK$49,375.9 million. A provision was made for inventory impairment in light of lower stock turnover rates and falling unit prices of laminates and its upstream materials in the first two months of 2023. Taking into account this inventory impairment, and the provision of HK$1,530.1 million (net of the share attributable to non-controlling shareholders) made for credit impairment of the Group's bond investments, underlying profit attributable to owners of the Company (excluding non-recurrent items) declined 63% to HK$3,882.7 million.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: “With the relaxation of pandemic prevention measures, the Group's various businesses are expected to show a positive trend. Echoing the state’s carbon neutrality blueprint, we are establishing solar photovoltaic power projects within our facilities in stages. It is expected that these projects will be able to recoup their costs within five years, while continuing to bring long-term benefits to the Group. Making use of advanced and low-energy-consuming carbon capture technology, we will move forward our pledge of being a green corporation.”

Laminates Division upgrades product portfolio in anticipation of new industry growth

Amid an under-supply of laminates and upstream materials in 2021, industry participants responded by investing in capacity expansion, albeit to varying degrees. This supply expansion coincided with a demand shrinkage in the electronics industry during the Period, and thus the Group’s annual laminate sales were down by 23% year on year to 96 million sheets. The Laminates Division has nevertheless forged ahead with active market expansion, with satisfactory progress achieved in terms of product portfolio enhancement. As a result, high-end and high-value-added product sales have achieved significant proportional growth. Segment revenue (including inter-segment sales) decreased by 32% to HK$19,938.6 million. Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) were down 66% to HK$3,119.6 million.

The first two months of 2023 saw weak demand in the laminates market, but the resumption of economic activity is having a positive effect on consumption recovery, and is expected to move the laminates industry forward to a new growth cycle. The new laminates plant in Shaoguan, Guangdong Province, has been fully commissioned, adding capacities in strategic locations. The Group will focus on the development of high-quality products, supported by further upgrades in thin, fire-retardant, high-frequency, high-speed, lead-free and halogen-free laminates. During the Period, the Group added monthly capacities of 4,200 tonnes of glass yarn and 1,050 tonnes of copper foil in Lianzhou, Guangdong Province. A capacity of 13 million metres of glass fabric was also added to Shaoguan, Guangdong Province. Further in the first half of 2023, an additional monthly capacity of 750 tonnes of copper foil will be introduced to the plant in Lianzhou, Guangdong Province. New growth momentum will also be derived from expansion plans in Thailand, with a view to supporting overseas expansion.

PCBs Division sees strong demand from new energy vehicles and photovoltaic segments

The Printed Circuit Boards (“PCBs”) Division has continued to make forays into different market segments, including automobile, telecommunications and consumer electronics, helping to stabilise sales amid declines in market demand. The Division’s revenue decreased slightly by 3% to HK$13,183.7 million. Despite a high rate of inflation, the management team was able to raise cost efficiency by continuing to improve production technologies and raise the level of automation. EBITDA therefore showed only a mild decrease of 2% to HK$1,726 million.

The Division commands a healthy order book, in which demands for PCBs for new energy vehicles and photovoltaic use are particularly outstanding. In view of greater potential in autopilot and high-speed Internet sectors, and leveraging on the Division’s accumulated expertise in 6G mobile telecommunications and high-speed servers, it is continuously developing in the direction of higher technical content. In 2023, the Division will bring in 700,000 square feet of additional capacity for multi-layered PCBs with an aim of increasing market penetration.

<u>Chemicals business takes green, low-carbon development path</u>
Prices of chemical products dropped during the Period and affected the overall performance of the Chemicals Division. Segment revenue (including inter-segment sales) decreased by 15% to HK$13,893.4 million, and following an oil price hike, raw materials consumed by the Division saw a general price surge, bringing EBITDA down by 36% to HK$2,804 million.

The Chemicals Division will take part in the state's green transformation effort by ensuring production safety and meeting emission standards. In terms of new business development, engineering-grade plastic materials used to reduce the weight of new energy vehicles, photovoltaic film, and electric cables applied to solar power generators and wing paddles in wind turbines will constitute the majority of demands for the Division's phenol acetone and Bisphenol A output. To capture this demand, the Group will welcome a yearly addition of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A in Daya Bay, Huizhou, Guangdong Province. Acetic acid has wide applications and downstream market potential. The Group is thus planning to build an acetic acid project in Xingtai, Hebei Province, on the basis of the carbon capture technology developed in collaboration with Tsinghua University. This collaborative technology has a strong track record of capturing 200,000 tonnes of carbon dioxide per year, and will put the Group on a green, low-carbon development path.

<u>Property business continues to grow rental income</u>
Amid an increased delivery of residential properties during the Period, revenue derived from property sales increased 3.2 times to HK$4,970.8 million. Rental income also rose by 8% to HK$1,290.8 million as a result of an overall improvement in occupancy and the contribution of Two London Wall Place, a commercial building in London acquired by the Group in June 2022. Revenue of the Property Division went up by 164% to HK$6,261.6 million, with EBITDA also up by 101% to HK$3,060.9 million.

The Group now maintains an investment property portfolio in the United Kingdom, Hong Kong, and eastern and southern China, which is expected to generate rental income of over HK$1,400 million in 2023.

Press release download: http://www.t6pr.com/148_AR22_PR_230327_E.pdf

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.

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