KB 建滔集團有限公司
KINGBOARD HOLDINGS LIMITED
Stock Code 股份代號：148
23/F DELTA HOUSE, 3 ON YIU STREET
SHEK MUN, SHATIN, N.T.
TEL: 2605 6493
FAX: 2691 5245, 2691 0445

For immediate release

KINGBOARD HOLDINGS LIMITED

Delivered underlying net profit of HK$2,274.3 million in 2023
Final dividend of HK36 cents per share proposed
Continues transformation towards high-quality, low-carbon growth

Financial Highlights

	Year ended 31 December		
	2023	**2022**	**Change**
	HK$'million	*HK$'million*	
Revenue	**39,712.5**	49,375.9	-20%
EBITDA*	**6,139.0**	9,445.3	-35%
Profit before tax*	**3,025.2**	7,050.0	-57%
Net profit attributable to owners of the Company			
- Underlying net profit*	**2,274.3**	3,882.7	-41%
- Reported net profit	**2,063.0**	3,655.2	-44%
Basic earnings per share			
- Based on underlying net profit*	**HK$2.052**	HK$3.502	-41%
- Based on reported net profit	**HK$1.861**	HK$3.297	-44%
Dividend per share for the year	**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%
Net asset value per share	**HK$53.9**	HK$54.2	-1%
Net gearing	**29%**	20%	

**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$124 million, net amount of HK$111.2 million after share of non-controlling shareholders (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).

Hong Kong, 18 March 2024 – Kingboard Holdings Limited (00148.HK) (the "Company") and its subsidiaries (the "Group") today announced the full-year results for the year ended 31 December 2023 (the 'Period'). In view of the Group's robust financial position, a final dividend of HK36 cents per share was proposed.

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. 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.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: "Stepping into 2024, with consumer sentiment and business confidence gradually improving, it is expected that our business segments will demonstrate a positive development trend. We will continue to strengthen cash flow management, and tightly control fixed asset investments and operating costs. Building on our solid performance, we will carry through our strategy of maintaining a diversified and synergistic business portfolio, while deriving competitive advantage from our vertical production model. Strict cost control measures will be in place as we work to boost technological impetus and proactively deploy big data management to enhance operational efficiency. We will also continue to focus on research and development upgrades, safe production, and improving environmental performance, promoting new-quality productivity in order to achieve high-quality sustainable development."

Laminates Division achieves sales volume growth, and expects market to stabilise and rebound going forward

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 and achieved 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, the Group was able to raise efficiency and reduce energy consumption through technological enhancements, and to achieve labour cost savings by increasing automation at its facilities, thus 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.

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. 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 registers EBITDA growth through technological enhancement and automation

The division continually seeks to expand its sales in various market segments, including the automobile, telecommunications and consumer electronics sectors. It has also achieved solid progress in the development of high-end PCBs, building a higher-value-added product portfolio. 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, 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.

The Group possesses multifaceted advantages that target segments such as automotive, telecommunications, and consumer electronics. 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. In order to embrace the explosive development of AI, the Group has 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. 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 business continues to transform towards a high-quality and low-carbon trajectory

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.

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.

Property business continues to grow rental income

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.

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 able to successfully mitigate the challenges in the mainland property market. 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 maintains an investment property portfolio across the United Kingdom, Hong Kong, and eastern and southern China.

Press release download: http://www.t6pr.com/148_AR23_PR_240318_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.

Press enquiries: t6.communications limited, Jenny Lee or Yuki Law
tel: +852 2511 8388 / email: kb@t6pr.com