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

Mild revenue growth in first half 2022; interim dividend of HK$0.3 declared
Engaging in solar photovoltaic power and carbon capture projects in support of China's dual carbon goals

Financial Highlights

	Six months ended 30 June		
	2022 *HK$'million*	**2021** *HK$'million*	**Change**
Revenue	27,828.2	26,701.5	+4%
EBITDA*	5,767.4	8,352.6	-31%
Profit before tax*	4,646.0	7,343.2	-37%
Net profit attributable to owners of the Company			
- Underlying net profit*	2,522.3	5,061.7	-50%
- Reported net profit	2,409.6	5,061.7	-52%
Basic earnings per share			
- Based on underlying net profit*	HK$2.275	HK$4.573	-50%
- Based on reported net profit	HK$2.173	HK$4.573	-52%
Interim dividend per share	HK$0.30	HK$0.56	-46%
Net asset value per share	HK$55.4	HK$53.0	+5%
Net gearing	19%	20%	

**Excluding:*
From 1 January 2022 to 30 June 2022, share-based payments with gross amount of HK$125.3 million, and net amount of HK$112.7 million after share of non-controlling shareholders (From 1 January 2021 to 30 June 2021 : Nil).

Hong Kong, 29 August 2022 – Kingboard Holdings Limited (00148.HK) (the "Company") and its subsidiaries (the "Group") today announced that its revenue increased by 4% year on year to HK$27,828.2 million during the six months ended 30 June 2022 (the 'Period'), mainly attributable to segment revenue growth of Printed Circuit Boards ("PCBs"), Chemicals and Properties Divisions.

Underlying net profit attributable to the owners of the Company (excluding non-recurring items) decreased 50% to HK$2,522.3 million, on account of the decline in laminates sales volume and unit prices, as well as a provision of HK$1,527.8 million made for the credit impairment of the bond investments the Group held (net of the share attributable to non-controlling shareholders) during the Period. The Board has resolved to declare an interim dividend of HK$0.30 per share.

Entering the second half of the year, the global macro environment, characterised by the dynamics of international relations and high inflation, will complicate the internal and external environments in which corporations operate. The Group will remain committed to strengthening its cash flow management.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: "Echoing the state's aim for peak carbon dioxide emissions by 2030 and carbon neutrality by 2060, 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. And making use of the advanced and low-energy-consuming carbon capture technology developed by the School of Environment, Tsinghua University, our Hebei acetic acid project is expected to capture and recycle 200,000 tonnes of carbon dioxide per year, moving forward our vision of being a green corporation."

Laminates Division continues to add high-end products to portfolio

Laminates segment revenue declined 26% to HK$10,747.1 million, and earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 49% to HK$2,260.8 million during the Period.

In spite of a slide in demand in the electronics industry during the Period, the Laminates Division achieved satisfactory progress with its product portfolio enhancement efforts as it actively developed new market arenas. A significant increase in the share of sales of high-end and high-value-added products was witnessed. This high-end product portfolio included thin laminates for portable devices, lead-free and halogen-free laminates with high environmental compliance, fire-resistant laminates with broad compatibility, and high-frequency and high-speed laminates with low loss and high transmission speed.

During the first half of the year, the Group added monthly capacities of 4,200 tonnes of glass yarn and 300 tonnes of copper foil in Lianzhou, Guangdong Province. In Shaoguan, Guangdong Province, the glass fabric facility with a monthly capacity of 9 million metres has already entered operation, and is planning to add 4 million metres of glass fabric capacity per month during the second half. This expansion plan will drive the Group's external sales of upstream materials to increase earnings, in addition to coping with internal business needs. Some downstream customers maintained strict control of their inventories during the first half of the year, but as inventories have come down to lower levels, it is expected that demand will rebound gradually towards the coming half year as customers begin planning to increase orders. The laminates factory newly built in Shaoguan, Guangdong Province, has been in full commission, strategically increasing the Group's coverage in different regions. The Division will continue to collaborate with premium customers to further the certification of high-end products, and to drive the stable development of the Division.

PCBs Division moves in direction of higher technical content

PCBs segment revenue increased 8% to HK$6,985.8 million, but as high inflation pushed up costs, EBITDA fell by 10% to HK$838.6 million.

The Division has made relentless efforts in expanding sales in different markets, including the automobile, telecommunications and consumer electronics. In support of this, the PCBs segment has continued to bring in high-calibre management and technical talents, while investing in state-of-the-art machinery and forging highly automated production lines. By constantly seeking room for improvement in the technical aspects and overcoming industry-wide obstacles one after another, the Division made progress towards advanced PCBs.

The Division now commands a healthy order book, in which demands for PCBs for new energy vehicles and photovoltaic use are particularly outstanding. That the price of laminates, a major raw material for PCBs, came down from the same period last year bodes well for the Division's profit margin. The Division is continuously developing in the direction of higher technical content like high aspect ratio and high precision alignment. These efforts will support the building of a portfolio of higher-value-added products whilst forging a closer collaborative ecology with customers. The Division will bring in 500,000 square feet of additional capacity for multi-layered PCBs in the second half of the year with a view to increasing the market penetration of Kingboard PCBs.

Chemicals Division captures demand from new energy and related applications

The high prices and strong sales of the Group's major chemical products, including caustic soda, acetic acid and phenol acetone, drove up segment revenue (including inter-segment sales) by 5% to HK$7,936.4 million during the Period. However, following an oil price hike, raw materials consumed by the Division saw a general price surge, bringing EBITDA down by 11% to HK$1,887.2 million.

The Chemicals Division will take part in the national ecological effort by ensuring production safety and emission standards. Meanwhile, it works to enhance factory efficiency, optimise resource usage, and lower energy consumption. Engineering-grade plastic materials used to lower the weight of new energy vehicles, photovoltaic film, and electric cables applied to solar power generators and wing paddles in wind turbines constitute the majority of demands for the Division's phenol acetone and Bisphenol A output. To capture this demand, the Group is preparing to welcome a yearly addition of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A in Daya Bay, Huizhou, Guangdong Province.

Property Division expects to achieve steady rental growth going forward

Due to an increased delivery of residential properties during the Period, revenue derived from property sales increased to HK$3,747.6 million. Rental income also rose by 5% to HK$604.6 million. As a result, segment revenue of the Property Division went up by 657% to HK$4,352.2 million, with EBITDA also up by 397% to HK$2,131.9 million.

The Division will continue to adopt a prudent operational strategy. Over the past four years, the Division has not replenished its land bank. The Division performed well in the pre-sale of properties in July and August, and going forward, it will launch its residential projects in eastern China as originally planned, as a means to expedite capital recycling. At the same time, driven by the following three factors, the Division's rental income will grow steadily: First, the lease-free period of the commercial property located near the Kunshan high-speed railway station in Jiangsu Province will expire consecutively. Second, the occupancy rate of Shanghai Kingboard Plaza Phase II has increased significantly. Third, the acquisition of a commercial tower, Two London Wall Place in London, the United Kingdom, in June 2022. Rental income in 2022 is expected to be approximately HK$1,270 million, an increase of approximately 6% over last year. The properties invested by the Group are located in the United Kingdom, Hong Kong, eastern China and southern China, which will help diversify risks and continuously bring stable cash inflows.

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Photo Caption:
Mr Chang Wing Yiu, Managing Director, Kingboard Holdings (first from left), Mr Cheung Ka Shing, Eric, Executive Director, Kingboard Holdings (second from left), Mr Cheung Kwok Wing, Paul, Chairman, Kingboard Holdings (middle), Mr Cheung Kwok Wa, Philip, Chairman, Kingboard Laminates (second from right), and Mr Cheung Kwok Keung, Managing Director, Kingboard Laminates (first from right) at the 2022 interim results press conference.

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 Ryan Chan or Yuki Law
tel: (852)2511 8388 / email: kb@t6pr.com