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

Maintains resilience amid multiple macro headwinds; businesses displaying signs of improvement in 2H
Interim dividend of HK16 cents per share and special interim dividend of HK50 cents per share declared, with a total of HK66 cents per share

Financial Highlights

	Six months ended 30 June 2023 *HK$'million*	2022 *HK$'million*	Change
Revenue	**18,719.9**	27,828.2	-33%
EBITDA*	**3,337.2**	5,767.4	-42%
Profit before tax*	**1,813.6**	4,646.0	-61%
Net profit attributable to owners of the Company			
- Underlying net profit*	**1,389.6**	2,522.3	-45%
- Reported net profit	**1,389.6**	2,409.6	-42%
Basic earnings per share			
- Based on underlying net profit*	**HK$1.253**	HK$2.275	-45%
- Based on reported net profit	**HK$1.253**	HK$2.173	-42%
Interim dividend per share	**HK$0.16**	HK$0.30	-47%
Special interim dividend per share	**HK$0.50**	-	N/A
Net asset value per share	**HK$53.3**	HK$55.4	-4%
Net gearing	**28%**	19%	

**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 2023 to 30 June 2023: Nil).

Hong Kong, 28 August 2023 – Kingboard Holdings Limited (00148.HK) (the "Company") and its subsidiaries (the "Group") today announced that its revenue decreased by 33% year on year to HK$18,719.9 million during the six months ended 30 June 2023 (the 'Period') due to multiple macro headwinds and amid a downward cycle in the electronics industry.

Underlying profit attributable to the owners of the Company (excluding non-recurring items) decreased by 45% to HK$1,389.6 million. The Company declared an interim dividend of HK16 cents per share and a special interim dividend of HK50 cents per share, with a total of HK66 cents per share.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: "Entering the second half of the year, there has been a noticeable increase in both consumer and corporate confidence, leading to more active supply and business chains. The Group's various business segments are thus displaying encouraging signs of improvement; however, the prevailing macroeconomic challenges, such as geopolitical changes, high interest rates, and inflation, have prompted the Group to focus on strengthening its cash flow management. This will enable the Group to navigate more complicated internal and external environments."

Building on the back of its robust performance, the Group will continue to pursue its overall strategy of maintaining a diversified and synergistic business portfolio, while leveraging its vertical production model to gain a competitive edge. Emphasis will be placed on strict cost controls and technological enhancements, including the proactive deployment of big data management tools to further improve operational efficiencies.

Laminates Division's gross profit margin set to improve in 2H 2023

Laminates segment revenue declined 23% to HK$8,270.3 million. The division has made efforts to mitigate the impact of high commodity, energy and transportation costs, along with technical enhancements to reduce energy consumption and improve productivity, earnings before interest, taxes, depreciation and amortisation ("EBITDA") were down 47% to HK$1,189.5 million.

The Laminates Division demonstrated commendable progress despite a decline in demand within the electronics industry during the Period. The division successfully pursued new market development initiatives and enhanced its product portfolio. There was a significant rise in the share of sales attributed to high-end and high-value-added products. This high-end product portfolio includes thin laminates designed for portable devices, lead-free and halogen-free laminates complying with stringent environmental standards, fire-resistant laminates and low thermal expansion coefficient laminates with wide compatibility, as well as high-frequency and high-speed laminates ensuring low loss and high transmission speed.

Entering the second half of the year, a gradual resumption of consumer confidence is leading to a return to growth in shipments, with the inventories of PCB makers and end-user customers substantially clearing up after more than a year of a downward cycle. It is anticipated that the laminates market will gradually stabilize and rebound. Furthermore, raw material prices have been consistently dropping during the 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, save for copper, have now reached extremely low price points. This is set to improve the Group's gross profit margin in the second half of the year.

PCBs Division's EBITDA increases amid move to a higher-end portfolio

PCBs segment revenue decreased by 18% to HK$5,723.7 million. Benefitting from lower upstream laminate prices and with efforts to enhance production technology, the division managed to increase EBITDA by 16% to HK$970.7 million.

The division has been focused on expanding sales in various market segments, including the automobile, telecommunications and consumer electronics sectors. It has also made substantial progress in high-end PCBs development, thus building a product line with higher added value.

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. It is also actively investing in new technologies, particularly in the areas of 6G mobile telecommunications, high-speed servo, and 4D imaging mmWave radar for vehicles. In the second half of the year, the division plans to bring in an additional 400,000 square feet of monthly capacity for multi-layered PCBs. This expansion is aimed at increasing the industry penetration of Kingboard's PCBs.

Chemicals Division expands capacity to capture downstream market growth

Both the sales volume and selling prices of chemical products recorded declines compared to the same period last year, thus affecting the overall performance of the Chemicals Division. Segment revenue (including inter-segment sales) dropped by 35% to HK$5,134.6 million, bringing EBITDA down by 84% to HK$311.2 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, and electric cables applied to solar power generators and wing paddles in wind turbines. To meet this growing demand, the Group is gearing up to add an annual capacity of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A in Daya Bay, Huizhou, Guangdong Province. Acetic acid is another major chemical that has a wide range of applications. As downstream market grows, there has been a corresponding increase in demand for acetic acid. To this end, the Group plans to build an acetic acid project in Xingtai City, Hebei Province with an annual capacity of 800,000 tonnes. The project will incorporate advanced and energy-efficient carbon dioxide capture technology developed by the School of Environment, Tsinghua University.

Property Division continues to grow investment portfolio

The Property Division experienced a decrease in revenue from property sales by 91% to HK$333 million due to reduced delivery of residential properties. However, the division saw a 18% increase in rental income to HK$714.4 million, attributed to higher occupancy rates, the expiration of rent-free periods, and the contribution from Two London Wall Place, a commercial tower acquired by the Group in June 2022. Consequently, the segment revenue of the Property Division decreased by 76% to HK$1,047.4 million, with EBITDA also decreasing by 72% to HK$587.4 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 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 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 reach HK$1,400 million for the full year of 2023. 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.

Press release download: http://www.t6pr.com/148_IR23_PR_230828_E.pdf

Paul Cheung Kwok Wing, Chairman of Kingboard Holdings Limited
http://www.t6pr.com/148_IR23_PaulCheung_230828.jpg

Eric Cheung Ka Shing, Executive Director of Kingboard Holdings Limited
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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