

For immediate release

KINGBOARD HOLDINGS LIMITED

Posted 8% net profit growth in 1H 2024

Interim dividend of HK40cents per share declared

Cumulative investments of HK\$850mil in green electricity and thermal energy recovery yielding savings of HK\$556mil up to June 2024

Financial Highlights

	Six months ended 30 June		Change
	2024	2023	
	HK\$'million	HK\$'million	
Revenue	20,415.2	18,719.9	+9%
EBITDA	3,736.0	3,337.2	+12%
Profit before tax	2,138.7	1,813.6	+18%
Net profit attributable to owners of the Company	1,506.9	1,389.6	+8%
Basic earnings per share	HK\$1.360	HK\$1.253	+9%
Interim dividend per share	HK0.40	HK\$0.16	+150%
Special interim dividend per share	-	HK\$0.50	N/A
Net asset value per share	HK\$54.3	HK\$53.3	+2%
Net gearing	30%	28%	

Hong Kong, 26 August 2024 – Kingboard Holdings Limited (00148.HK) (the “Company”) and its subsidiaries (the “Group”) today announced the interim results for the six months ended 30 June 2024 (the ‘Period’). In view of the Group’s robust financial position, an interim dividend of HK40 cents per share was declared.

Despite the challenging business environment marked by geopolitical conflicts and high interest rates, the Group achieved a 8% period-on-period increase in net profit attributable to the owners of the Company to HK\$1,506.9 million during the Period, on the back of a 9% comparative revenue growth to HK\$20,415.2 million.

After bottoming out, the electronics industry has entered a new growth cycle, driven by the rapid development of the artificial intelligence (AI) and automotive electronics sectors, which have fuelled demand growth. Furthermore, improved demand forecasts from downstream clients have prompted active stockpiling in various sectors, benefiting both the Laminates and Printed Circuit Boards (“PCBs”) segments which recorded growth in revenue and profits.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: “With all that is happening within our Group, it is most important that we consistently invest in and adopt state-of-the-art technologies to support our green transformation. Our carbon reduction initiatives are designed to promote new-quality productivity and ensure high-quality, sustainable development. Savings achieved will also bring long-term benefits to the Group.”

Following a cumulative investment of **HK\$700 million** up to 30 June 2024, the Group successfully generated 60 million kWh of **green electricity** during the first half of 2024,

resulting in energy savings equivalent to 16,200 tonnes of standard coal or a reduction in carbon dioxide emissions of 36,000 tonnes. This initiative translates to electricity bill savings of HK\$54 million during the first half based on the market tariff. Coupled with cumulative expenses savings of HK\$122 million as at 31 December 2023, cumulative expenses savings of more than **HK\$176 million** had been achieved by 30 June 2024.

In addition, up to 30 June 2024, the Group's investments in **thermal energy recovery** equipment totalled **HK\$150 million**. These investments resulted in a reduction in carbon dioxide emissions of 25,000 tonnes during the first half of 2024, which is equivalent to energy savings of 10,000 tonnes of standard coal and expenses savings totalling HK\$80 million. Coupled with cumulative expenses savings of HK\$300 million as at 31 December 2023, cumulative expenses savings of more than **HK\$380 million** had been achieved by 30 June 2024.

Investments in green electricity will amount to HK\$900 million by 31 December 2024, yielding annual electricity bill savings of HK\$180 million from the coming years onwards.

Laminates Division achieves sales growth led by AI and automotive demand

During the Period, there was a notable growth in demand from the traditional consumer electronics market, particularly for air conditioners and photovoltaic panels. The demand for laminates was also helped by the rapid development of the AI industry and the increased integration of electronic and smart applications in the automotive sector. Simultaneously, the Laminates Division proactively expanded into new market areas, made considerable progress in enhancing its product portfolio, and further augmented the sales volume of high-end and high-value-added products. Revenue of the Laminates segment increased by 7% to HK\$8,883.2 million. Despite a significant increase in copper prices during the Period, the segment successfully raised product prices to more than offset the cost pressure, thereby achieving an improvement in gross profit margin. With continuous efforts to enhance production efficiency and reduce energy consumption through technical enhancements, as well as to reduce labour costs through increased automation, earnings before interest, taxes, depreciation and amortisation ("EBITDA") increased by 34% to HK\$1,592.5 million.

Benefiting from the advantages of vertical integration and economies of scale, the Group's product pricing has become extremely competitive, and its gross profit margin is among the highest in the industry, making it much more resilient. As copper prices rise in 2024, downstream demand is gradually picking up, a scenario which is expected to drive the Group's revenue and profits onto a growth track. The Group plans to establish a laminates R&D centre fitted out with state-of-the-art equipment. The Group has successfully developed a variety of high-frequency and high-speed products that can be applied to GPU mainboards in AI servers. The Group also has plans to expand its monthly laminates capacities in Thailand by 400,000 sheets in the second half to address the overseas business development needs of both external clients and the Group's PCBs Division.

PCBs Division sees significant demand growth from AI, high-speed computing and EV

A growth in PCBs demand was witnessed during the Period, and the division has expanded its presence in the automotive, telecommunications and consumer electronics sectors. Cost efficiency was also improved through continued technical enhancements and automation of facilities, driving a 16% EBITDA growth to HK\$1,122.8 million, on the back of 2% segment revenue growth to HK\$5,811.3 million.

The electronics market is witnessing significant demand growth for PCBs, driven by emerging applications such as AI, high-speed computing and electric vehicles. The development of large AI models has led to a surge in demand for data processing and hardware, such as servers and switches for accelerated computing, injecting new vitality into the PCBs industry. At the same time, the popularity of electric vehicles has led to the increased use of complicated electronic control systems, and thus a surge in PCBs demand. Kingboard Group has geared up its technological readiness for 6G telecommunications, mmWave radar, automotive high-end common control units, and AI servers. In view of this, the Group plans to bring in an additional monthly capacity for 300,000 square feet of PCBs in Huizhou, Guangdong Province, as well as 200,000 square feet of PCBs in Thailand, adding a total of 500,000 square feet of monthly capacity during the second half. Another PCBs project with a monthly capacity of 500,000 square feet is expected to come on stream in Thailand in the second half of 2025, and a further project to add 1 million square feet of monthly PCBs capacity is planned for Vietnam with production commencement expected for the second half of 2026. The plants are advantageously located to serve the demand growth of overseas clients. The expansion plans will help increase the industry penetration of Kingboard PCBs and reflect the Group's confidence in its future prospects.

Chemicals business committed to low-carbon growth

During the Period, segment revenue (including inter-segment sales) posted 27% growth to HK\$6,515.4 million, driven by the commissioning of the annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, as well as an increase in sales volume of core chemical products, including acetic acid and caustic soda. Consequently EBITDA grew 43% to HK\$444.4 million.

The acetic acid project in Xingtai City, Hebei Province, with an annual capacity of 800,000 tonnes, is scheduled for commissioning by the end of 2024. This project will also adopt the advanced energy-efficient carbon capture technology developed by the School of Environment, Tsinghua University. The caustic soda project currently underway in Beihai City, Guangxi, will have an annual capacity of 200,000 tonnes and is targeted for commencement by the end of 2025. Potential clients in the industrial park where this project is situated already have sufficient capacity to consume the entire output of the caustic soda plant, resulting in savings in transportation costs through short-distance or pipeline transportation. Strong competitiveness is evident as the average selling price of caustic soda is RMB150 to 200 per tonne higher than that in the Hengyang area. The annual 450,000-tonne phenol acetone project in Daya Bay, Huizhou, Guangdong Province, was commissioned in October 2023, while the annual 240,000-tonne Bisphenol A project also went into production in June 2024. These, together with the projects in Hebei Province and Guangxi, will help the Group expand its presence in the chemicals industry.

Property business continues to grow rental income

During the Period, the Property Division experienced a decrease in revenue from property sales by 43% to HK\$190.6 million due to reduced delivery of residential properties. However, the division saw a 2% increase in rental income to HK\$729.3 million, which was attributed to higher overall occupancy rates and the expiration of rent-free periods. Segment revenue of the Property Division declined by 12% to HK\$919.9 million, with EBITDA also contracting by 5% to HK\$557.2 million.

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 and stable cash flow influx for the Group. The division is achieving stable rental income, which is estimated to reach HK\$1,400 million for the full year of 2024.

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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