

For immediate release

KINGBOARD LAMINATES HOLDINGS LIMITED

Underlying net profit of HK\$2,002.7 million posted in 2022, final dividend of HK20 cents proposed

Financial Highlights

	FY2022 HK\$'million	FY2021 HK\$'million	Change
Revenue	22,363.7	28,799.8	-22%
EBITDA*	4,378.6	9,200.3	-52%
Net profit attributable to owners of the Company			
- Underlying net profit*	2,002.7	6,781.7	-70%
- Reported net profit	1,909.1	6,781.7	-72%
Earnings per share			
- Based on underlying net profit*	HK64.2 cents	HK217.4 cents	-70%
- Based on reported net profit	HK61.2 cents	HK217.4 cents	-72%
Full-year dividend per share	HK35.0 cents	HK150.0 cents	-77%
- Interim dividend per share	HK15.0 cents	HK30.0 cents	-50%
- Proposed final dividend per share	HK20.0 cents	HK120.0 cents	-83%
Net asset value per share	HK\$4.82	HK\$6.10	-21%
	Net gearing 7%	Net cash 150.0	

*Excluding

2022: Loss on fair value changes of investment properties of HK\$45.6 million and share-based payments of HK\$48.0 million.

Hong Kong, 27 March 2023 – The world’s largest laminates manufacturer Kingboard Laminates Holdings Limited (the “Company”) (01888.HK) and its subsidiaries (the “Group”) reported the annual results for the financial year ended 31 December 2022. On the basis of a healthy financial position, a final dividend of HK20 cents was proposed.

Amid an under-supply of laminates and upstream materials in 2021, industry participants responded by investing in capacity expansion, albeit to varying degrees. At the same time, multiple headwinds during 2022, including the geopolitical clashes, sporadic COVID-19 outbreaks in China and global inflation, have brought some negative impact on the electronics industry. The Group’s laminate sales and unit prices both went down during the year. In addition, a provision was made for inventory impairment in light of lower stock turnover rates and falling unit prices of laminates and upstream materials of the Group in the first two months of 2023.

Despite the soft market conditions and high costs, the Group has worked hard to build further on its advantage of a vertical value chain and extensive client network which, together with successful cost control, has enabled it to deliver an underlying profit of over HK\$2 billion. The Property Division recorded a significant revenue growth on the back of increased residential property deliveries. A provision of HK\$186.5 million was made during the year for credit impairment of the Group’s bond investments. The Group’s revenue decreased 22% over that of 2021 to HK\$22,363.7 million. Net profit attributable to owners of the Company was down 70% to HK\$2,002.7 million.

Laminates segment revenue dropped 32% to HK\$19,134.3 million, with EBITDA decreasing 65% to HK\$3,047.7 million. Property segment revenue jumped 3.4 times to HK\$3,170.4 million, with EBITDA also surging 3.7 times to HK\$1,576.1 million.

Despite a demand drop in the electronics industry, the Laminates Division has forged ahead with active market development, and satisfactory progress was achieved in terms of product portfolio enhancement. As a result, there was a significant proportionate expansion in the sales of high-end and high-value-added products, including thin laminates used in portable devices, lead-free and halogen-free laminates meeting high environmental standards, fire-retardant laminates with broad compatibility, and high-frequency and high-speed laminates with low loss and high transmission speed.

The first two months of 2023 saw weak demand in the laminates market, but with the relaxation of pandemic prevention measures and virus transmission declining, consumer confidence is picking up, 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 year, the Group actively added monthly capacities of upstream materials including 4,200 tonnes of glass yarn and 1,050 tonnes of copper foil in Lianzhou, Guangdong Province and 13 million metres of glass fabric in 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 plans to increase capacities for laminates and upstream materials in Thailand, with a view to supporting the Group's overseas expansion.

The Group is proactively deploying big data management to further enhance operational efficiency. This will enable the Group to respond to market-driven and customer-led demand changes in a faster and more precise way. Echoing the state's carbon neutrality blueprint, the Group is establishing solar photovoltaic power projects within its 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.

Kingboard Laminates Chairman Mr Philip Cheung Kwok Wa concluded: "We hold full confidence in our Group's future development, as we enjoy the strong leverage of over thirty years of vertical operating experience from upstream materials to laminates. Efforts in putting forward multi-year research and development and technical enhancements are expected to bear fruit, with notable progress achieved in recent years. In an end-user client forum held in October 2022, we received strong client response which will add further steam to forthcoming sales. With a significant cost advantage over our peers, we have achieved consistent growth in market share, validating our competitiveness."

About Kingboard Laminates Holdings

Kingboard Laminates Holdings Limited (01888.HK) is the world's top laminates producer for seventeen consecutive years.

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