

For immediate release

KINGBOARD HOLDINGS LIMITED

**Declares final dividend of HK100 cents, with special final dividend HK100 cents for 2020
Underlying profit surges 37% and anticipates business volume to double within next decade**

Financial Highlights

	FY 2020 <i>HK\$'million</i>	FY 2019 <i>HK\$'million</i>	Change
Revenue	43,510.3	41,160.9	+6%
EBITDA*	10,059.2	8,245.9	+22%
Profit before tax*	7,912.1	5,565.0	+42%
Net profit attributable to owners of the Company			
- Underlying net profit*	4,685.8	3,415.8	+37%
- Reported net profit	4,702.9	3,094.4	+52%
Basic earnings per share			
- Based on underlying net profit*	HK\$4.241	HK\$3.146	+35%
- Based on reported net profit	HK\$4.257	HK\$2.850	+49%
Dividend per share for the year	HK228 cents	HK138 cents	+65%
- Interim dividend per share	HK28 cents	HK28 cents	-
- Proposed final dividend per share	HK100 cents	HK60 cents	+67%
- Proposed special final dividend per share	HK100 cents	HK50 cents	+100%
Net asset value per share	HK\$50.5	HK\$45.4	+11%
Net gearing	18%	31%	

* Excluding:

- (1) Loss on fair value changes of investment properties with gross amount of HK\$5.4 million, net amount of HK\$5.2 million after share of non-controlling shareholders and deferred tax (2019: Gain on fair value changes of investment properties with gross amount of HK\$6.3 million, net amount of HK\$1.1 million after share of non-controlling shareholders and deferred tax).
- (2) A share-based payment in 2019 of HK\$229.2 million, net amount of HK\$199.8 million after share of non-controlling shareholders and deferred tax (2020: Nil).
- (3) Gain on disposal of subsidiaries in 2020 with gross amount of HK\$29.8 million, net amount of HK\$22.4 million after share of non-controlling shareholders and deferred tax (2019: Nil).
- (4) Written off of property, plant and equipment in 2019 with gross amount of HK\$219.1 million, net amount of HK\$122.7 million after share of non-controlling shareholders (2020: Nil).

Hong Kong, March 22, 2021 – Kingboard Holdings Limited (the “Company”) (00148.HK) and its subsidiaries (the “Group”) today reported a set of brilliant performance for the financial year ended 31 December 2020. Year on year, revenue of the Group increased 6% to HK\$43,510.3 million in 2020, posting an underlying net profit (excluding non-recurring items) of HK\$4,685.8 million, a growth of 37%. The Group maintained a robust financial position, and the Board has therefore proposed a final dividend of HK100 cents per share with a special final dividend of HK100 cents per share.

In the first quarter of 2021, the Group continued its strong performance. According to preliminary unaudited operating data, turnover in the first two months increased significantly compared with the same period last year, and its profit was several times that of the same period last year.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: “We team with confidence in the Group’s development in 2021, and expect that the business growth momentum will remain strong throughout the year. With a number of large-scale investment projects currently in the pipeline, the Group anticipates its business volume to double within the next decade.”

Laminates achieved record high monthly shipments

On the back of a sound vertical production model, the Group has established market-leading positions for its laminates and upstream materials such as glass yarn, glass fabric and copper foil, in terms of production scale and technological standards. The first half of the year saw a weak demand in the electronics market, but the division demonstrated a strong competitive edge based on its cost advantage. As the demand for electronic products picked up approaching the second half, the Group’s orders for laminates rose substantially, with monthly shipment volume breaking an all-time high. Whilst demands for upstream materials grew fast, their supply did not manage to catch up, shooting up these products’ prices and thus that of laminates. Since the division is self-sufficient in all upstream materials, it managed to translate the price increase of laminates into enhanced profitability. Segment revenue (including inter-segment sales) went up by 1% to HK\$16,592.9 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) surged by 40% to HK\$3,914.3 million.

The strong demands for laminates and other upstream materials were carried through into 2021, keeping the Group’s facilities in full capacities and sales. In the wake of further demand growth, the division has made multiple upward adjustments to its product prices. In the future, the division will synchronise the growth paces of production capacity and market development. To this end, the division will increase the capacity for FR4 (epoxy glass laminates) in Shaoguan City, Guangdong Province, 800,000 sheets per month, in rhythm with the building of new capacities for upstream materials including copper foil, glass yarn, glass fabric and epoxy resins. On the other hand, taking aim at the advanced and high-value-adding market through upgrading its thin, high-frequency, high-speed and halogen-free laminates, the division will endeavour to seek customer accreditation and establish a sales network to pursue higher market penetration.

Printed Circuit Boards driving growth from high-end products

Despite the global economic impact of the coronavirus pandemic, the electronics market has not been short of demand. Following a spike in the demand for remote work in the first half of the year, sales of computer-related products rocketed. When the Mainland economy revived in the second half, pent-up demands for home appliances and cars were gradually released. With a market-oriented strategy, the division successfully capitalised on these demand changes to achieve orders and facilities utilisation growth. Drawing on its experience in high-end, high-density inter-connected PCBs, the division seized the opportunity to optimise its product mix. By strengthening its in-depth cooperation with leading downstream factories, the division made a major stride forward into the high-end and high-value-adding market segment. Driven by increased utilisation rates and an optimised product portfolio, the division was able to enjoy increased profitability. Division revenue soared 10% to HK\$10,551.1 million, while EBITDA was up by 53% to HK\$1,677.6 million. During the Period under Review, the Group completed the privatisation of Elec & Eltek International Holdings Limited, a subsidiary listed on the Singapore Exchange and the Hong Kong Stock Exchange.

The electronics market continues to be on a rapid uptrend, helped by the demand growth for car-related products. With multiple-year experience and comprehensive product certifications in automobile PCBs, the division is positioned ahead of its peers in terms of product quality and delivery lead time, helping it to reap a desirable volume of orders. The introduction of 5G into the commercial arena will be a driving force for the imminent upgrade and renewal demand for a widened scope of electronic products. This will bring new growth momentum to the PCBs market. Keeping a close eye on the pulse of market development, the division will reinforce its connection with leading customers downstream, in fostering an upgrade in its product mix and steadily cultivating added value into its products. Capacities at all factories are currently at high levels. In order to meet the demand of a constantly growing market, the division has plans to add 1.2 million square feet of multi-layered PCBs to its monthly capacity.

Chemicals prices jumped across product offerings

Capacities of the chemicals industry remained relatively stable, with prices guided mainly by changes in demand. As the Mainland economy returned to the growth track, domestic demand thrived and drove up the prices of major chemical products. Prices jumped across all our products, in particular during the latter half of the year, with profit margins rising significantly. The Group ceased production of coke and methanol in Xingtai City, Hebei Province during the Period under Review, leading to a 21% decrease in division revenue (including inter-segment sales) to HK\$10,558.9 million. Nevertheless, with significant expansion in the profit margins of the other major chemical products, EBITDA reached HK\$1,543.4 million on a 13% rise.

With crude oil prices treading a dynamic path, and a reduction in chemicals import to China due to overseas capacities contraction, both trends are conducive to the development of the Mainland's chemicals industry. Around the three supply chains of phenol acetone, caustic soda and acetic acid, the Group is mapping out various critical investment projects that will yield handsome long-term returns.

Property EBITDA surged

Spurred by the partial recognition of sales of the Cavaridge project in Shatin, Hong Kong, Kunshan Development Zone Kingboard Yu Garden Phase 1, Qiandeng Kingboard Yu Garden Phase 4, and Huaqiao Kingboard Yu Garden Phases 3, 4 and 5 in Eastern China, the Property Division recorded an increase in revenue by 153% to HK\$8,332.1 million. EBITDA also surged 81% to HK\$3,521.6 million. Sales turnover from residential projects totalled HK\$7,218.1 million, up by 238%. Rental income amounted to HK\$1,114.0 million, down by 4%, mainly owing to a slight drop in occupancy amid the pandemic.

With the aim of expediting capital recovery, the division will speed up the sales of the residential project in eastern China. Following the expiration of the rent-free period for the commercial properties within the project neighbouring the high-speed railway station in Kunshan City, Jiangsu Province, stable rental income is expected to be generated for the division.

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. The Kingboard Group of companies

includes Kingboard Laminates Holdings Limited (01888.HK) and Elec & Eltek International Company Limited.

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