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For immediate release

KINGBOARD HOLDINGS LIMITED

Achieves best set of interim results on record in 1H2021
Interim dividend of HK$0.56 declared

Financial Highlights

	Six months ended 30 June		
	2021	**2020**	**Change**
	HK$'million	*HK$'million*	
Revenue	**26,701.5**	19,925.6	+34%
EBITDA	**8,352.6**	3,479.2	+140%
Net profit attributable to owners of the Company	**5,061.7**	1,059.2	+378%
Basic earnings per share	**HK$4.573**	HK$0.964	+374%
Interim dividend per share	**HK$0.56**	HK$0.28	+100%
Net asset value per share	**HK$53.0**	HK$44.7	+19%
Net gearing	**20%**	25%	

Hong Kong, August 30, 2021 – Kingboard Holdings Limited (00148.HK) (the "Company") and its subsidiaries (the "Group") today announced the best set of interim results on record for the six months ended 30 June 2021 (the 'Period'). Driven by the growth momentum of its portfolio of diverse businesses, the Group's revenue jumped by 34% year on year to HK$26,701.5 million. Profit attributable to the owners of the Company soared 378% to HK$5,061.7 million. The Board has proposed an interim dividend of HK$0.56 per share.

Kingboard Holdings Chairman Mr. Paul Cheung Kwok Wing said: "I am delighted to report outstanding performance breakthrough for all our core business divisions. With a vertically integrated model, our Laminates and Printed Circuit Board ("PCB") Divisions achieved growth in both the order books and product prices. The Chemicals Division also profited from the rocketing demand for commodities and saw record revenue growth during the Period."

Laminates Division continues to expand capacity on strong sales momentum

During the Period, spending on electronic products bounced, signalling a marked revival in the demand for laminates and their upstream materials. The order book for laminates remained strong, driving shipment volume up substantially. Sales of laminates totalled 65 million sheets, an increase of 33% year on year. Driven by strong demand, product prices have been adjusted upwards multiple times. Meanwhile, in possession of vertical production capability, the division commands in-house capacities for upstream materials such as copper foil, glass yarn, glass fabric and epoxy resin. Thus, cost inflation was contained at far below the surge in selling price, delivering an unprecedented improvement in profit margin. Segment revenue (including inter-segment sales) increased by 116% to HK$14,440.6 million, while earnings before interest, tax, depreciation and amortisation ("EBITDA") shot up 225% to HK$4,441.0 million.

As the electronics industry prospers and the traditional peak consumption season approaches in the second half of the year, laminates and their upstream materials continue to show strong momentum. The industry is currently at a rather low inventory level, which will keep product prices at the upper end. Depending on the extent of shortage of upstream materials, laminates may see further room for price mark-ups. The newly completed laminates plant in Shaoguan, Guangdong Province has been fully commissioned and is operating smoothly, adding a monthly capacity of 1.2 million sheets of glass epoxy laminates (FR4) . Helped by the new capacity, the division will be able to continue expanding the proportionate sales of high-value-added laminates. The division will also continue to expand capacities for upstream materials from the second half to early next year and plan to add monthly capacities of 1,800 tonnes of copper foil, 4,000 tonnes of glass yarn and 5 million metres of glass fabric, in order to reinforce the competitive advantage of its vertically integrated supply chain, as well as to make a foray into extended industries like new energy batteries and package substrate and gradually increase external sales, bringing new development momentum to the division.

PCB Division's record sales driven by 5G and new energy vehicles

In the realm of PCBs for consumer electronics, computers and cars, the PCB Division rallies manifold advantages including fine craftsmanship, comprehensive certification and good quality, making the Group a beneficiary amid industrial development catalysed by 5G commercialisation, remote work arrangements, new energy vehicles and artificial intelligence. Sales skyrocketed to an all-time high. Drawing on its rich experience in multi-layered PCBs and high-density inter-connected PCBs, the division's business further expands to the higher precision PCB market, building a higher value-added product portfolio, thus driving the average selling price of products to continue to improve. The rise in product prices not only helped transfer the cost hike in laminates, but also created room for expanded profitability. Segment revenue increased 51% to HK$6,462.4 million, whilst EBITDA rose 54% to HK$933.5 million.

The increasing uptake of new energy, development of digital economy and upgrade of artificial intelligence are leading a new wave of development for PCBs. Revolving around the marketplace of 5G base stations, servers and electric vehicles, the division's product portfolio enhancement efforts have paid off. Future themes for development will continue to be focused on high-value-added upgrades. Supported by this, the division aims to build a more compact ecology of collaboration with clients by further strengthening ties. Emphasis will be placed on strengthening the various PCB brands, including Elec & Eltek, Techwise Circuits and Express Electronics, so as to achieve constant value enhancement. The division will also fast-track its capacity build-up, through acquiring production equipment that caters to the consumer electronics, telecommunications and vehicle segments. Towards the second half of the year, the division will bring in 800,000 square feet of additional capacity for multi-layered PCBs.

Chemicals business thrives on low-carbon production

Global economic recovery has induced demand for chemicals, prompting price rises for the division's various chemical products. Among them, the price increase of acetic acid and Bisphenol A was the most significant, contributing considerable profit growth to the division. With highly effective management and science-based craftsmanship, as well as being equipped with industry-leading green facilities, the division was able to fully mobilize production to realise ultra-high output levels for various chemical items on long cycles. In so doing, the division rapidly responded to market demand and achieved business growth by leaps and bounds. Segment revenue (including inter-segment sales) increased by 47% to HK$7,551.5 million. EBITDA surged 346% to HK$2,126.2 million.

The green economy has become a key component of the global economy, introducing new requirements and opportunities into the chemicals industry. On one hand, the bar has been raised on carbon emission and environmental friendliness, which in effect propels backward capacities out of the market. The division's capacity has been built on energy saving, low-carbon and environmentally-friendly principles, with industry-leading production and emission standards. The division is able to gain greater market share in a competitive environment. On the other hand, the division will benefit from wider application of engineering-grade plastic materials used to lower the weight of new energy vehicles, as well as photovoltaic film and electric cables applied to solar power generators and wing paddles in wind turbines. These end-user products generate demand for the division's major chemical products such as phenol acetone, acetic acid, Bisphenol A and epichlorohydrin. Thus, the division is proactively planning for a number of large-scale chemicals projects along the current core product lines. One of them is a new chemicals industrial park under construction in Daya Bay, Huizhou, which will deliver an annual output of 450,000 tonnes of phenol acetone and 240,000 tonnes of Bisphenol A.

Property business targets to grow rental income

The division registered satisfactory results with regard to residential pre-sales, closing the Period with total contracted sales of HK$2,254 million. However, the number of units handed over was reduced during the Period, and the accountable income was mainly from rents. Thus, segment revenue decreased by 88% to HK$575.3 million, EBITDA also decreased by 78% to HK$428.6 million.

The residential project in eastern China will be launched for pre-sale according to schedule, in a bid to expedite capital recovery. In the meantime, driven by the following three factors, the department's rental income will grow steadily: First, the lease-free period of commercial properties located in the Kunshan High-speed Railway Station Project in Jiangsu Province has successively expired. Second, the occupancy rate of Huaqiao Kingboard Plaza Phase II increased significantly. Third, the impact of the epidemic, which led to a temporary decline in rental income from overseas properties, has gradually subsided.

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

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