KB 建滔化工集團有限公司
KINGBOARD CHEMICAL HOLDINGS LIMITED

2/F, HARBOUR VIEW 1, NO. 12 SCIENCE PARK EAST AVENUE, PHASE 2 HONG KONG SCIENCE PARK, SHATIN, N.T.
TEL: 2605 6493
FAX: 2691 5245, 2691 0445

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Resilient results for FY2015 with a final dividend of HK30 cents per share

Financial Highlights

	FY2015 *HK$ million*	FY2014 *HK$ million*	Change
Revenue	32,788.2	35,905.8	-9%
EBITDA*	5,313.1	5,239.1	+1%
Profit before tax*	2,632.5	2,442.5	+8%
Net profit attributable to owners of the Company			
- Underlying net profit*	1,774.1	1,800.7	-1%
- Reported net profit	1,650.3	2,536.8	-35%
Basic earnings per share			
- Based on underlying net profit*	HK$1.730	HK$1.756	-1%
- Based on reported net profit	HK$1.609	HK$2.473	-35%
Full-year dividend per share	HK50.0 cents	HK50.0 cents	-
- Interim dividend per share	HK20.0 cents	HK20.0 cents	-
- Proposed final dividend per share	HK30.0 cents	HK30.0 cents	-
Dividend payout ratio#	29%	28%	
Net asset value per share	HK$34.4	HK$34.8	-1%
Net gearing	38%	42%	

*Excluding:

(1) Gain on fair value changes of investment properties of HK$249.6 million (FY2014: HK$1,040.5 million), net of deferred tax and portion shared by non-controlling shareholders.

(2) Share-based payments of HK$62.8 million (FY2014: HK$6.9 million), net of portion shared by non-controlling shareholders.

(3) No impairment loss (FY2014: HK$297.5 million) on properties, plant and equipment, net of portion shared by non-controlling shareholders.

(4) Impairment loss of HK$310.6 million (FY2014: Nil) on available-for-sale investments, net of portion shared by non-controlling shareholders.

#Calculated based on underlying net profit.

Hong Kong, March 21, 2016 – Kingboard Chemical Holdings Limited (the "Company") (HKEx: 148) and its subsidiaries (the "Group") today announced a set of resilient results for the financial year ended 31 December 2015. Group revenue in 2015 showed a drop of 9% over the previous year to HK$32,788.2 million, delivering an underlying net profit (excluding non-recurring items) of HK$1,774.1 million, a decrease of 1%. Basic earnings per share based on underlying profit were HK$1.730. In the absence of new completions of investment properties, the gain on property valuation was lower than that of the corresponding period last year. As a result, reported net profit decreased by 35% to HK$1,650.3 million, with basic earnings per share based on reported net profit amounting to HK$1.609.

The Group declared a final dividend of HK30 cents per share which, together with the interim dividend of HK20 cents per share, constitutes a full-year dividend of HK50 cents per share, representing a payout ratio of 29%.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: "With a focus on high technology and high-value-adding manufacturing businesses, the Group has equipped with a diversified division portfolio which gives a strong resilience against market fluctuations. We hold confidence in the Group's development in 2016, and look forward to achieving breakthroughs in our industrial and property business."

The demand-supply dynamics in the laminates industry continued to improve, driving strong demand for high-performance laminates during the year. Seizing this window of opportunity, the Group has expanded the production of glass epoxy laminates ("FR4"), leading to a 1% increase in laminates shipments. As raw material costs dropped significantly during the period, the selling prices of products were adjusted down, resulting in a 4% year-on-year decrease in segment turnover (including inter-segment sales) to HK$12,882.4 million. But benefitting from a smaller adjustment in laminates' selling price relative to the drop in material costs, the profit margin has improved, driving earnings before interest, tax, depreciation and amortisation ("EBITDA") up by 11% to HK$2,345.6 million.

Laminates sales continue to show strong momentum during the first quarter of 2016. In particular, the production of FR4 used in high-ended electronic products is close to full capacity. Management has started to identify appropriate acquisition targets with a view to satisfying the strong demand from downstream industries, and as a means to expedite market consolidation.

Sustaining efforts to explore the production of high value-adding printed circuit board ("PCB") products with high technical requirements, the PCB division was able to continually increase the output of multi-layer and high density interconnect ("HDI") PCB, fulfilling strong demand from downstream products such as mobile phones and telecommunications and automotive-related products. The restructuring of Elec & Eltek Group progressed smoothly, and its business has shown a rebounding trend since the second half of the year. The PCB division recorded a 5% decline in segment turnover to HK$7,103.8 million, of which HDI PCB sales contributed 22% of the division's total. EBITDA rose 5% to HK$733.1 million.

The Group's HDI PCB production is beginning to experience an undersupply. It is therefore planning to expand investments on equipment for HDI PCB manufacturing to a higher level of automation. The Group is also considering acquiring existing HDI PCB capacities when necessary. As the restructuring of Elec & Eltek Group is about to conclude, it is expected that the division's research and development capability and product quality will be greatly enhanced. Management hopes to achieve profitability for this division in 2016.

The chemical division came under the dual impact of a drop in petroleum prices and weakened demand in mainland China, causing chemical product prices to slide. The chemical division therefore recorded a 27% decline in segment turnover (including inter-segment sales) to HK$10,387.0 million. EBITDA was down 33% to HK$916.9 million. Share of associates (the bulk of which was contributed by the natural gas-based methanol joint venture with China BlueChemical Limited) was at a loss of HK$12.2 million.

Chemical prices continue to hover at low levels owing to global economic fluctuations and low petroleum prices. However, as mainland authorities launch and implement policies to eliminate excess capacity and reduce companies' taxes and expenditures, the market imbalance of upstream chemical industries is expected to be improved. The Group will strive to better utilize its existing capacities and to lower production costs, while at the same time transforming its facilities to a highly efficient and low-carbon mode. The division is fully prepared to capture the opportunities arising from the forthcoming market revival.

A number of sales properties were completed consecutively during the period under review. Part of the proceeds from the pre-sales of Huaqiao Yu Garden Phase II, Qiandeng Yu Garden Phase II, and Zhangpu Yu Garden were booked during the second half of the year. Taking into account the full booking of pre-sales proceeds from Huaqiao Yu Garden Phase I during the first half, sales revenue surged to HK$3,505.4 million. Together with rental income of HK$552.1 million, the property division reported a turnover of HK$4,057.5 million, a significant increase of 51%. Contracted sales of HK$2,357.0 million were registered on total contracted sales floor area of 234,000 square metres. As at 31 December 2015, the Group held a prime land bank in Shanghai and Kunshan measuring a gross floor area of over 5 million square metres.

The mainland property market has picked up immensely on sales activity on the back of a series of supportive government policies and a loosened capital environment. It is therefore expected that the pre-sales of the Group's residential projects in Kunshan will be much accelerated. In line with current market conditions, the property division will accelerate its planned sales launches in order to speed up cash flow returns to the Group. Another core property, Shanghai Kingboard Plaza Phase I, is due for completion in the near term, achieving satisfactory progress in pre-leasing. In the next few years until 2018, the Group will see the completion of at least one large-scale commercial property every year. These successive completions are expected to deliver a stable growing stream of rental income for the Group. Adopting a pragmatic strategy, the Group plans to prudently increase its land bank with a view to increasing returns to shareholders.

To download this release, please click into: http://t6pr.com/index-e.html

About Kingboard Chemical

Kingboard Chemical Holdings Limited (HKEx: 148) is a global leader in laminate and printed circuit board 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. The Kingboard Group of companies includes Kingboard Laminates Holdings Limited (HKEx: 1888), Elec & Eltek International Company Limited (HKEx: 1151 & SGX: E16), and Kingboard Copper Foil Holdings Limited (SGX: K14).

Press enquiries:
t6.communications limited, Jenny Lee or Veronica Yum
tel : (852)2511 8388 / fax : (852)2511 8238
email: kb@t6pr.com / url : www.t6pr.com