

# KB 建滔化工集團有限公司

## KINGBOARD CHEMICAL HOLDINGS LIMITED

23/F DELTA HOUSE, 3 ON YIU STREET,  
SHEK MUN, SHATIN, N.T.

TEL: 2605 6493  
FAX: 2691 5245, 2691 0445

For immediate release

### KINGBOARD CHEMICAL HOLDINGS LIMITED

Reported net profit surges 205% to HK\$5.0 billion in FY2016

Declares final dividend of HK70 cents and special final dividend of HK30 cents per share

#### Financial Highlights

	FY 2016 HK\$'million	FY 2015 HK\$'million	Change
<b>Revenue</b>	<b>35,830.3</b>	32,788.2	<b>+9%</b>
<b>EBITDA*</b>	<b>7,251.6</b>	5,279.5	<b>+37%</b>
<b>Profit before tax*</b>	<b>4,872.3</b>	2,598.9	<b>+87%</b>
<b>Net profit attributable to owners of the Company</b>			
– Underlying net profit*	<b>3,283.5</b>	1,740.5	<b>+89%</b>
– Reported net profit	<b>5,026.8</b>	1,650.3	<b>+205%</b>
<b>Basic earnings per share</b>			
– Based on underlying net profit*	<b>HK\$3.193</b>	HK\$1.697	<b>+88%</b>
– Based on reported net profit	<b>HK\$4.889</b>	HK\$1.609	<b>+204%</b>
<b>Full-year dividend per share</b>	<b>HK130.0 cents</b>	HK50.0 cents	<b>+160%</b>
– Interim dividend per share	<b>HK30.0 cents</b>	HK20.0 cents	<b>+50%</b>
– Proposed final dividend per share	<b>HK70.0 cents</b>	HK30.0 cents	<b>+133%</b>
– Proposed special final dividend per share	<b>HK30.0 cents</b>	-	<b>N/A</b>
<b>Net asset value per share</b>	<b>HK\$36.2</b>	HK\$34.4	<b>+5%</b>
<b>Net gearing</b>	<b>24%</b>	38%	

\*Excluding:

- (1) Gain on fair value changes of investment properties of HK\$17.2 million, net of deferred tax and portion shared by non-controlling shareholders (FY2015: HK\$249.6 million).
- (2) Share-based payments of HK\$20.9 million, net of portion shared by non-controlling shareholders (FY2015: HK\$62.8 million).
- (3) Impairment loss recognised on available-for-sale investments of HK\$27.8 million, net of portion shared by non-controlling shareholders (FY2015: HK\$ 310.6 million).
- (4) Gain on disposal of a subsidiary of HK\$1,573.7 million, net of portion shared by non-controlling shareholders (FY2015: HK\$33.6 million).
- (5) Income from relocation compensation of HK\$201.1 million, net of portion shared by non-controlling shareholders (FY2015: Nil).

**Hong Kong, March 24, 2017** – Kingboard Chemical Holdings Limited (the “Company”) (00148.HK) and its subsidiaries (the “Group”) today reported an outstanding performance for the financial year ended 31 December 2016. Group revenue rose by 9% to HK\$35,830.3 million in 2016, registering an underlying net profit (excluding non-recurring items) of HK\$3,283.5 million, a significant increase of 89%. Basic earnings per share based on underlying net profit were HK\$3.193. During the year, the Group’s subsidiary, Kingboard Laminates Holdings Limited, disposed of a subsidiary holding land for commercial use in Shenzhen, Guangdong Province. As a result, the Group’s reported net profit surged 205% to HK\$5,026.8 million. Basic earnings per share based on reported net profit were HK\$4.889.

The Group declared a final dividend of HK70 cents per share and a special final dividend of HK30 cents per share. Together with the interim dividend of HK30 cents per share, this constitutes a full-year dividend of HK130 cents per share.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: “Our management has complete confidence in the prospects for the Group’s development in 2017. The Group’s multi-year investments in operational enhancements for its four core divisions have put it among the industry’s top players in terms of R&D capabilities, production efficiency and environmental standards. Riding on the significant recovery of the global business environment, the Group looks forward to driving its performance further to deliver greater returns to shareholders.”

### **Laminates**

The Group has been ranked as the world’s top one laminates producer for more than ten consecutive years. This achievement is attributable to the Group’s strong and comprehensive vertical integration business model. As a result of undersupply, market prices of glass fabric and other upstream materials rose significantly during the year, leading to several price increases of laminates, the division’s profit margin thus grew significantly. Segment turnover (including inter-segment sales) increased by 8% to HK\$13,923.1 million, while earnings before interest, tax, depreciation and amortisation (“EBITDA”) increased substantially by 32% to HK\$3,093.0 million.

Looking ahead to 2017, the tight supply of upstream materials and laminates is unlikely to improve over the short term due to the lengthy process involved in capacity expansion. Thus there is room for upward price adjustments in those products. In view of the strong market demand and considering further supply-demand dynamics in the market, laminates division plans to expand its capacity for glass fabric and other upstream materials, as well as that for laminates.

### **Printed Circuit Boards**

Benefitting from upgrades in telecommunications network equipment, as well as the wide application of smart home appliances and automobile electronics, the PCB division gained strong demand and recorded steady orders growth. With the conclusion of its restructuring, the Elec & Eltek Group achieved an earnings turnaround for the year, and is expected to be back on track to positive contribution hereafter. The PCB division’s segment turnover was up by 5% to HK\$7,478.1 million, delivering an EBITDA of HK\$873.7 million, an increase of 19%.

Driven by the replacement demand brought by the upgrading of smartphone devices, the demand for high density interconnect (“HDI”) PCB remains robust. The proliferation of smart home appliances, coupled with the introduction of new homes to the market, has helped to sustain a growing order for PCB used in home appliances. To cater to the keen market demand, the PCB division plans to add automated production facilities to its plant, while optimizing its product portfolio.

### **Chemicals**

The bottoming out of international oil price has driven the increase in the prices of the Group’s chemical products. China’s further move to reduce excess capacity has also brought evident improvement in the demand-supply dynamics in the market. The profit margins for chemical products have thus rebounded. Segment turnover (including inter-segment sales) increased by 3% to HK\$10,738.7 million, with EBITDA growing 21% to HK\$1,106.6 million.

The chemicals division is constantly investing in environmental protection facilities in order to create a highly efficient and sustainable low-carbon production platform. It is expected that China will continue to phase out those chemical enterprises of weak performance in operating efficiency and environmental standards. Apart from the tightening of approval for new chemical capacities, the cost of production also increases, which will raise the industry's entry barrier. Management therefore anticipates further reduction in market supply, and subsequently steady earnings growth for the division.

### **Property**

The partial booking of pre-sales from Huaqiao Kingboard Yu Garden Phase 2, Zhangpu Kingboard Yu Garden, Kunshan Development Zone Kingboard Yu Garden Phase 3, Qiandeng Kingboard Yu Garden Phase 2 and Jiangyin Kingboard Yu Garden Phase 1 contributed property sales turnover of HK\$4,860.2 million during the year. Together with rental income of HK\$625.9 million, segment turnover grew 35% to HK\$5,486.1 million with EBITDA increased by 72% to HK\$1,699.6 million. Pre-sales activities during the year generated contracted sales of HK\$8,692.5 million on a contracted sales floor area of 650,000 square metres. As at 31 December 2016, the Group held a prime land bank in Shanghai and Kunshan with a gross floor area of over 4 million square metres.

Shanghai Kingboard Plaza Phase 1, located in Changning District, Shanghai, was completed during the second half of 2016. The Group also acquired a commercial property in London, the United Kingdom. These two projects are expected to drive significant growth in the property division's rental income in 2017. The Group has also scheduled the pre-sale of its residential projects in Kunshan, Jiangsu Province, with a view to expediting cash returns from its developments. In respect of its land bank, the Group will adopt a prudent and pragmatic approach before considering any expansion plans.

### **About Kingboard Chemical Holdings**

Kingboard Chemical 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), Elec & Eltek International Company Limited (01151.HK & E16:SES) and Kingboard Copper Foil Holdings Limited (K14:SES).

### **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