

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Net profit jumps 84% during 1H 2016
On strong laminates performance and booking of property sales

Financial Highlights

	Six months ended 30 June		Change
	2016	2015	
	HK\$'million	HK\$'million	
Revenue	18,320.8	16,474.8	+11%
EBITDA*	3,599.3	2,633.4	+37%
Net profit attributable to owners of the Company			
- Underlying net profit*	1,621.2	881.1	+84%
- Reported net profit	1,506.0	882.9	+71%
Basic earnings per share			
- Based on underlying net profit*	HK\$1.581	HK\$0.859	+84%
- Based on reported net profit	HK\$1.468	HK\$0.861	+71%
Interim dividend per share	HK\$0.30	HK\$0.20	+50%
Net asset value per share	HK\$35.0	HK\$35.5	-1%
Net gearing ratio	32%	43%	

*Excluding:

- (1) Gain on fair value changes of investment properties of HK\$41.3 million, net of deferred tax from 1 January 2015 to 30 June 2015 (1 January 2016 to 30 June 2016: Nil).
- (2) Share-based payments of HK\$13.5 million (1 January 2015 to 30 June 2015: HK\$39.5 million).
- (3) Impairment loss recognised on available-for-sale investments of HK\$101.7 million (1 January 2015 to 30 June 2015: Nil).

Hong Kong, August 15, 2016 – Kingboard Chemical Holdings Limited (the "Company") (00148.HK) and its subsidiaries (the "Group") today announced a strong performance during the six months ended 30 June 2016 (the "Period"). Group revenue rose 11% year on year to HK\$18,320.8 million, generating earnings before interest, tax, depreciation and amortisation ("EBITDA") of HK\$3,599.3 million, a strong growth of 37% year on year. The underlying net profit also jumped 84% to HK\$1,621.2 million. The Board has declared an interim dividend of HK\$0.30 per share, an increase of 50% year on year.

Kingboard Chemical Chairman Mr. Paul Cheung Kwok Wing, said: "With a market advantage built firmly on a vertically integrated production platform and diversified business portfolio, we were able to achieve a breakthrough in performance in the face of an adverse environment of intense competition in the global manufacturing sector and generally subdued commodity prices."

During the Period, the demand-supply dynamics of the laminates market have improved consistently to drive steady increases in the division's profit margin. Monthly laminates shipments increased by 3% to an average of 10 million square metres. Segment turnover

(including inter-segment sales) amounted to HK\$6,081.0 million, while EBITDA increased 1% to HK\$1,224.2 million.

Entering the second half of 2016, demand for electronics products remains solid. With the continued removal of less competitive capacities from the laminates market, the momentum of the rebound remains robust. The Group will increase the production of its thin laminates and halogen-free laminates, as well as LED-related laminates, in order to expand its market share and strengthen its leading position in the industry.

The restructuring of the Elec & Eltek Group is close to completion, resulting in a turnaround for the segment. Orders for brand-name products by Techwise Circuits Company Limited and Express Electronics Limited have also increased steadily. The PCB division reported a segment turnover of HK\$3,659.1 million, up 7%. EBITDA also grew significantly by 33% to HK\$398.8 million.

The PCB division is back on track for growth. Upon completion of its restructuring, growth momentum remains strong, primarily driven by growing orders from the consumer electronics and automobile sectors. To cope with market demand, the Group will continue to optimise existing production lines and raise the level of precision and automation, so as to tap further into the high-end PCB market.

Impacted by prevailing low petroleum prices and a slowdown in China's domestic demand, selling prices of the Group's chemical products remained soft. However, as the industry gradually consolidated and drove out weaker contenders, some of the excess capacity in the industry has been eliminated. This has therefore resulted in a reversal of the declining trend in the division's profit margin. Segment turnover (including inter-segment sales) decreased by 20% year on year to HK\$4,650.8 million, delivering an EBITDA of HK\$504.0 million, down by 7%.

With gradually stabilised petroleum prices, the selling prices of chemical products, and subsequently the division's profit margin, have rebounded from a deep trough. And as China's supply-side macroeconomic control has been expedited, chemical enterprises with lower operating efficiencies and outdated environmental facilities have gradually been driven out of the market. The prospects for an industry revival are excellent.

Sales from Huaqiao Kingboard Yu Garden Phase 2, Zhangpu Kingboard Yu Garden, and Kunshan Development Zone Kingboard Yu Garden Phase 3 were partially booked during the Period. The booking of sales, aggregating to HK\$4,425.3 million, together with rental income of HK\$313.4 million, caused segment turnover to surge by 2.2 times to HK\$4,738.7 million. Driven by brisk property sales in Kunshan and other districts during the first half, the division achieved contracted sales of HK\$6,336.0 million, increased by nearly 8 times, on a total contracted sales floor area of 510,000 square metres.

With project completions in the pipeline, the property division looks forward to sustained sales contributions from residential developments in future. The projects are currently recording significant increases in unit selling prices and profit margins can correspondingly expand. The Group's major commercial property project, Shanghai Kingboard Plaza Phase I, located in Changning District, is scheduled for completion during the second half. The project is budgeted to contribute a considerable increase to the Group's rental income.

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About Kingboard Chemical

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).

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