

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Net profit surges 35% during 1H 2017 on broad-based growth
Interim dividend of HK60 cents declared

Financial Highlights

	Six months ended 30 June		Change
	2017	2016	
	HK\$'million	HK\$'million	
Revenue	18,665.6	18,320.8	+2%
EBITDA*	4,545.8	3,599.3	+26%
Net profit attributable to owners of the Company			
- Underlying net profit*	2,183.3	1,621.2	+35%
- Reported net profit	2,180.2	1,506.0	+45%
Basic earnings per share			
- Based on underlying net profit*	HK\$2.103	HK\$1.581	+33%
- Based on reported net profit	HK\$2.100	HK\$1.468	+43%
Interim dividend per share	HK60.0 cents	HK30.0 cents	+100%
Net asset value per share	HK\$39.3	HK\$35.0	+12%
Net gearing ratio	20%	32%	

*Excluding:

- (1) Share-based payment of HK\$3.1 million (1 January 2016 to 30 June 2016: HK\$13.5 million).
- (2) Impairment loss recognised on available-for-sale investments of HK\$101.7 million from 1 January 2016 to 30 June 2016 (1 January 2017 to 30 June 2017: Nil).

Hong Kong, August 18, 2017 – Kingboard Chemical Holdings Limited (00148.HK) (the “Company”) and its subsidiaries (the “Group”) today announced satisfactory results during the six months ended 30 June 2017 (the “Period”). Group revenue rose 2% year on year to HK\$18,665.6 million, with earnings before interest, tax, depreciation and amortisation (“EBITDA”) of HK\$4,545.8 million, a strong growth of 26%. The underlying net profit also surged 35% to HK\$2,183.3 million. The Board has declared an interim dividend of HK60.0 cents per share, an increase of 100% year on year.

Kingboard Chemical Chairman Mr. Paul Cheung Kwok Wing, said: “I am particularly delighted that the strong results of the first half reflected outstanding performances of all our core divisions.”

Laminates

The Group has been ranked the world’s top laminates producer for twelve consecutive years. During the Period, shortages in the supply of copper foil, glass yarn and glass fabric have driven laminates prices up. Laminate segment turnover (including inter-segment sales) jumped 23% to

HK\$7,482.1 million. With a vertically integrated production model, the Group was able to effectively translate the product price increase into profit growth. EBITDA hence increased by 95% to HK\$2,392.1 million.

The second half of the year is the traditional peak season for sales of electronic products. As the supply shortage becomes more evident amidst surging demand for laminates, the Group has once again raised product prices. At the same time, the Group is expanding the sales of high value-added laminates, such as thin laminates, halogen-free laminates and LED-related laminates. With new capacities coming on stream in phases, operating efficiency is expected to continue to be enhanced.

Printed Circuit Boards

The PCB division continued to upgrade its order mix, recording proportionately increased sales of high-end products. There were significant increases in orders from the automobile, high-end telecommunications and smart consumer electronic products. On the back of a higher average product price, segment turnover grew 5% to HK\$3,844.9 million. Despite some impact from the price increases of upstream materials for PCB production as laminates price increased, the segment benefitted from significantly higher added-value for its products and greatly enhanced production efficiency. EBITDA demonstrated a strong growth of 33% to HK\$531.5 million.

Benefitting from the peak season for automobiles, handsets and home appliances, the PCB division has strong order growth. High-end PCBs are showing a trend of undersupply. The division is able to maintain strong growth momentum on the back of a diversified downstream business portfolio. Leveraging on solid experience in producing PCBs for automobiles and telecommunications equipment, the division will enhance its targeted research and development capabilities, while optimising the existing production lines by installing high-precision and automated facilities to strengthen the division's core competence.

Chemical

As China steadily reduced excess capacity, prices for chemical products increased generally. Driven by robust sales in steel, properties and automobile, prices of the chemical division's main products, including coke, methanol and caustic soda, demonstrated phenomenal growth, thereby driving segment turnover to grow 40% to HK\$6,532.9 million. EBITDA grew substantially by 34% to HK\$676.9 million.

While China is expediting the rollout of its supply-side reform policy, it is expected that certain chemical enterprises that underperform in terms of operating efficiency and environmental standards will exit the market. This will help to steadily improve the supply-demand conditions. Major products of the chemical division, such as coke, methanol and caustic soda, will have room for further price increases. The division will fully utilise its existing capacities while strictly controlling production costs, in an effort to yield higher profits in an efficient and low-carbon model.

Property

The partial booking of sales of Kunshan Development Zone Kingboard Yu Garden Phase 2 and 3, Jiangyin Kingboard Yu Garden Phase 1 and Huaqiao Kingboard Yu Garden Phase 4 aggregated to HK\$1,595.4 million during the Period. Rental income increased 28% to HK\$399.7 million, mainly attributable to the rents received from the newly acquired commercial property, Moor Place in London and newly completed commercial property, Shanghai Kingboard Plaza Phase 1.

Kunshan and some other local government authorities implemented control measures targeting the property market during the second half of last year. With the cyclical impact of these measures coming to an end during the second half of this year, it is expected that market demand will emerge again. The property division is actively preparing for the launch of a number of projects for sales. Shanghai Kingboard Plaza Phase 1 will also contribute rental income growth following the end of the rent-free periods.

Floor Heating

The Group has introduced a revolutionary graphene-based floor heating modules, receiving excellent market response. The first experiential sales centre has been set up in Shanghai, with eleven more to be opened in the major cities of China during the second half. The Group plans to establish two factories in order to increase capacity for graphene heating chips and heated floor panels.

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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) and Elec & Eltek International Company Limited (01151.HK & E16:SES).

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