

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Posts stable results during 1H 2015 on satisfactory Laminates performance

Financial Highlights

	Six months ended 30 June		Change
	2015	2014	
	HK\$'million	HK\$'million	
Revenue	16,474.8	17,558.0	-6%
EBITDA*	2,633.4	2,644.9	-
Net profit attributable to owners of the Company			
- Underlying net profit*	881.1	944.5	-7%
- Reported net profit	882.9	1,409.3	-37%
Basic earnings per share			
- Based on underlying net profit*	HK\$0.859	HK\$0.921	-7%
- Based on reported net profit	HK\$0.861	HK\$1.374	-37%
Interim dividend per share	HK\$0.20	HK\$0.20	-
Net asset value per share	HK\$35.5	HK\$34.1	+4%
Net gearing ratio	43%	42%	

*Excluding:

- (1) Gain on fair value changes of investment properties of HK\$41.3 million (1 January 2014 – 30 June 2014: HK\$471.7 million), net of deferred tax.
- (2) Share-based payments of HK\$39.5 million (1 January 2014 – 30 June 2014: HK\$6.9 million), net of portion shared by non-controlling shareholders.

Hong Kong, August 24, 2015 – Kingboard Chemical Holdings Limited (the "Company") (00148.HK) and its subsidiaries (the "Group") today announced stable and healthy performance during the six months ended 30 June 2015. Group revenue declined 6% year on year to HK\$16,474.8 million with earnings before interest, tax, depreciation and amortisation ("EBITDA") of HK\$2,633.4 million. Underlying net profit was HK\$881.1 million. The Company resolved to declare an interim dividend of HK\$0.20 per share.

Kingboard Chemical Chairman Mr. Paul Cheung Kwok Wing, said: "Despite a generally weak global economy, the Group was able to deliver profitability across all core divisions as we remained steadfast to developing main businesses with the concerted efforts of all our employees."

The period under review was plagued by a global economic slowdown, in the midst of the Greek debt crisis, plunging commodity prices and slowed growth in emerging markets. As the Chinese economy has a course for a 'new normal' and an Internet-driven development pattern, automotive and electrical appliance sectors are increasingly adopting intelligent designs and functions. Benefiting from this 'smart evolution', the Group's laminates division recorded a satisfactory performance. However, printed circuit board ("PCB") division was impacted by the on-going

restructuring of Elec & Eltek Group, thus recording a slight decline in segment results. The prevailing low crude oil prices resulted in year-on-year drops in the prices of chemical products. The property division benefited from the full booking of sales of Huaqiao Kingboard Yu Garden Phase I. Rental income from investment properties also grew steadily to contribute a stable revenue stream to the Group.

The laminates division delivered satisfactory performance during the period. Both the capacity and shipments increased year on year, placing the Group firmly at the No.1 position in the global laminates market for ten consecutive years. Monthly laminates shipments for 1H 2015 increased further by 6% against the previous year to an average of 9.98 million square metres per month. Segment turnover (including inter-segment sales) rose 1% to HK\$6,621.5 million. EBITDA increased 9% to HK\$1,215.3 million.

The intense competition in the laminates market has eased off against a slowdown in new capacity growth. The growth of demand of laminates gradually surpassed that of supply. With continuous efforts in strengthening our vertically-integrated production capability, the Group is able to affirm the leading position in the laminates market, thus helping steadily revive performance of laminates segment.

Commenced in August 2014, the restructuring of the Elec & Eltek Group was expected to take two years. Adjustments to the workforce and facilities were substantially completed during the period. Continuous efforts towards developing PCB applications in the automotive sector have yielded promising results. Our PCB plants recorded sales growth as they received certifications from various renowned automobile companies. The PCB division turnover mildly decreased by 4% to HK\$3,425.7 million, of which high density interconnect (“HDI”) PCB sales contributed 22% of the total. EBITDA decreased 12% to HK\$300.5 million.

The PCB business is benefiting from the initial results of the restructuring exercise of Elec & Eltek Group. The Group is actively developing the capacity for high-performance PCBs in order to meet the demands from the telecommunications and automotive sectors.

The sharp fall of global oil prices year on year has posed pressure on the selling prices of the Group’s chemical products. The chemical division’s segment turnover (including inter-segment sales) therefore decreased 14% year on year to HK\$5,799.9 million with EBITDA of HK\$540.0 million. During the period under review, share of associates’ results (the bulk of which was contributed by the natural gas-based methanol joint venture with China BlueChemical Limited) amounted to HK\$19.4 million.

Global oil price is wandering at the bottom. However, rest on less risk of further sharp decrease in oil price, prices of chemical products set to rebound, which will drive up the ongoing sales of the chemical division.

The property division delivered continued growth in rental income by 4% to HK\$271.5 million, on the back of average occupancies of over 90% for key investment properties. Sales of Huaqiao Kingboard Yu Garden Phase I during the period, amounting to HK\$1,208.5 million, were fully booked. The property division recorded a segment turnover of HK\$1,480.0 million, and achieved contracted sales of HK\$725.3 million on total contracted sales floor area of approximately 75,000 square metres.

The Group's core commercial property project, Kingboard Square, located in Hongqiao District, Shanghai, is scheduled for completion during the year. Leasing activities are currently underway. With the anticipated completions and deliveries of more residential projects, pre-sales of these projects can be recognised gradually, fueling the property division's further growth.

"It is expected that structural reforms in China will continue towards the second half of 2015, which will help relieve the problem of over-capacity. The Group will continue to expand market presence while staying steadfast to all core operations. Furthermore, the Group will strictly control capital expenditure and operating costs, while standing prepared to capture opportunities arising from market recovery," concluded Mr. Cheung.

To download this release, please click into: <http://t6pr.com/>

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 products 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 & 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