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KINGBOARD CHEMICAL HOLDINGS LIMITED

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For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED

Resilient results for FY2013 on strong performance of chemicals segment

Financial Highlights

	FY2013 *HK$ million*	**FY2012** *HK$ million*	**Change**
Revenue	35,683.5	37,290.3	-4%
EBITDA*	5,323.9	5,583.7	-5%
Profit before tax*	2,538.1	3,003.8	-16%
Net profit attributable to owners of the Company			
- Underlying net profit*	1,880.0	2,174.3	-14%
- Reported net profit	2,961.4	2,097.0	+41%
Basic earnings per share^			
- Based on underlying net profit*	HK$1.833	HK$2.120	-14%
- Based on reported net profit	HK$2.887	HK$2.045	+41%
Full-year dividend per share^	HK50.0 cents	HK43.3 cents	+15%
- Interim dividend per share	HK10.0 cents	HK8.3 cents	+20%
- Special dividend per share	HK20.0 cents	-	N/A
- Proposed final dividend per share	HK20.0 cents	HK35.0 cents	-43%
Dividend payout ratio#	27%	20%	
Net asset value per share^	HK$33.3	HK$29.9	+11%
Net gearing	42%	38%	

*Excluding:
(1) Gain on fair value changes of investment properties of HK$1,122.9 million (FY 2012: HK$20.1 million), net of portion shared by non-controlling shareholders and deferred tax.
(2) Share-based payments of HK$41.4 million (FY2012: HK$97.5 million), net of portion shared by non-controlling shareholders.
^ Adjusted for the bonus share issue incurred for the year ended 31 December 2012 and 2013 as if the bonus share issue had occurred on 1 January 2012.
# Calculated base on underlying net profit.

Hong Kong, March 21, 2014 – Kingboard Chemical Holdings Limited (the "Company') (HKEx: 148) and its subsidiaries (the "Group") today announced resilient results for the financial year ended 31 December 2013. Since there was no property sales income recorded in the current year, Group revenue was marginally down by 4% to HK$35,683.5 million while underlying net profit (excluding non-recurring items) declined by 14% to HK$1,880.0 million. Basic earnings per share were HK$1.833. Nevertheless, with a substantial gain in the fair value of investment properties, the Group's reported net profit was up by 41% to HK$2,961.4 million.

The Group maintained a robust financial position. The directors of the Company proposed a final dividend of HK20 cents per share, which together with the interim dividend of HK10 cents per share and special dividend of HK20 cents per share, constitutes a total dividend per share of HK50 cents, representing a payout ratio of 27%.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: "At the onset of 2014, the global economy showed signs of steady recovery and market outlook remains positive. Urbanization is helping to promote domestic demand growth while e-commerce channels continue its aggressive expansion and bring about substantial demand growth in digital electronic products sales. These market trend changes are expected to push demand growth for both laminates and printed circuit boards."

Riding on the capacity expansion of the laminate plants in Jiangyin, Jiangsu province and Jiangmen, Guangdong province in 2013, the laminates division delivered satisfactory performance with record high shipment volume as capacity utilization improved against last year. Turnover (including inter-segment sales) for the laminate division rose 1% to HK$13,056.3 million. Volume sales increased 9% from last year and average monthly shipment reached 9.38 million square metres. Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 1% to HK$2,132.4 million.

In order to meet demand from downstream capacity expansion in the laminates division and strengthen its vertical integration business model, the Group plans to increase the upstream materials production capacity. An expansion phase of the Lianzhou glass fabric plant and a new glass yarn plant in Qingyuan, Guangdong province will commence production in 2014.

For the PCB division, although automotive-related orders increased substantially, computer-related orders declined due to soft demand. Hence, turnover for the PCB division was down by 1% to HK$7,155.3 million and EBITDA decreased 10% to HK$874.9 million. The Group continued to expand its high density interconnect ("HDI") PCB production capacity, and gained market share in this market segment by ongoing technology and capability enhancement. HDI PCB sales accounted for 23% (2012: 21%) of PCB division sales and generated good earnings contribution to the division.

As a result of better coal chemicals and acetic acid selling price during the year, Hebei chemical plant delivered a strong profit contribution. Meanwhile, the new phenol/acetone plant in Yangzhou, Jiangsu province raised the division's overall output capacity in 2013. The Yangzhou chemical refinery plant was leased out in the second half of 2013 in return for rental income and processing charges. As a result, turnover (including inter-segment sales) for the chemical division decreased marginally by 2% to HK$17,202.4 million. However, average selling price increase and operation efficiency improvements in the chemical division drove EBITDA up by 4% to HK$1,592.9 million. Share of associates results (the bulk of which was contributed by the natural gas based methanol joint venture with China BlueChemical Limited) rose by 9% to HK$234.3 million.

As there was no income recognition for property sales in 2013, property division income declined 71% to HK$532.5 million, bulk of which related to rental income from the investment properties. With an occupancy rate of over 95% for the investment property portfolio, rental income increased by 33%, mainly due to additional rental contribution from the commercial properties in Hong Kong and London acquired in 2012. Pre-sale of the residential projects delivered remarkable results with contract sales increasing substantially to approximately HK$4.17 billion and represented a contract sales area of around 417,000 square meters. As at 31 December 2013, the Group owned a land bank of approximately 6 million square metres of gross floor area located at prime sites in major cities such as Shanghai, Kunshan and Guangzhou in China. Management is confident that these projects will bring in attractive returns.

Property demand is still robust with pre-sales units being over-subscribed as soon as they are launched on to the market. Construction work of Qiandeng Yu Garden Phase I has been completed and some of the buyers have started the process of taking up title to the flats. Revenue and profit of this project are expected to be recognized in 2014. Leasing activities have also commenced for Guangzhou Kingboard Plaza and have yielded a satisfactory occupancy rate. More residential properties projects will be launched for pre-sale in 2014 to fuel the future growth of the property division.

"Cloud computing and cloud storage is a growing trend. Kingboard Group has recently set up a new software development team to work on software development for cloud computing, big data analysis and enterprise resources planning system ("ERP"). A new ERP system is now ready for internal test run within the Group and will be launched on the market in due course. Meanwhile, we plan to set up a Cloud Data Centre in PRC utilizing our existing land bank in eastern and southern China to capture new technology trends in this sector," added Mr. Cheung.

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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).

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