KB 建滔化工集團
KINGBOARD CHEMICAL HOLDINGS LIMITED

2/F, HARBOUR VIEW 1, NO. 12 SCIENCE PARK EAST AVENUE, PHASE 2 HONG KONG SCIENCE PARK, SHATIN, N.T.
TEL: 2605 6493
FAX: 2691 5245, 2691 0445

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Delivers resilient results for 1H 2014

Financial Highlights

	Six months ended 30 June 2014 *HK$'million*	2013 *HK$'million*	Change
Revenue	**17,558.0**	17,080.9	**+3%**
EBITDA*	**2,644.9**	2,641.3	**-**
Net profit attributable to owners of the Company			
- Underlying net profit*	**944.5**	958.9	**-2%**
- Reported net profit	**1,409.3**	933.3	**+51%**
Basic earnings per share			
- Based on underlying net profit*	**HK$0.921**	HK$0.935	**-2%**
- Based on reported net profit	**HK$1.374**	HK$0.910	**+51%**
Interim dividend per share	**HK20.0 cents**	HK10.0 cents	**+100%**
Special dividend per share	**-**	HK20.0 cents	**N/A**
Net asset value per share	**HK$34.1**	HK$30.7	**+11 %**
Net gearing ratio	**43%**	50%	

**Excluding:*
(1) Gain on fair value changes of investment properties of HK$471.7 million (1 January 2013 to 30 June 2013: nil), net of deferred tax.
(2) Share-based payments of HK$6.9 million (1 January 2013 to 30 June 2013: HK$25.6 million), net of portion shared by non-controlling shareholders.

Hong Kong, August 22, 2014 – Kingboard Chemical Holdings Limited (the "Company") (HKEx: 148) and its subsidiaries (the "Group") today announced resilient results for the six months to 30 June 2014. Group revenue increased 3% to HK$17,558.0 million. EBITDA (excluding non-recurring items) was HK$2,644.9 million, with underlying net profit reaching HK$944.5 million. To reward shareholders, the directors of the Company resolved to declare an interim dividend of HK20 cents per share.

Kingboard Chemical Chairman Mr. Paul Cheung Kwok Wing, said: "Against the backdrop of a challenging operating environment over the past few years, our management team reacted promptly to market changes to tap new business opportunities. With dedicated support from our staff teams, all core business divisions delivered profitable results."

During the reporting period, the global economy continued to show progressive recovery with the US economy maintaining positive momentum and the Euro zone showing positive signs of recovery. Supported by the central government's stimulation polices to boost domestic demand in China, the growth momentum of the PRC economy continued at a steady pace. Against a backdrop of thriving sales in mobile phones and telecommunication / Internet-related products, revenue of both Laminates and Printed Circuit Board ("PCB") Divisions showed an uptrend from last year. As the Huizhou phenol/acetone plant suspended production for capacity enhancement in the current period, revenue of the Chemical Division was lower than in the same period last year. With regards to the Property Division, sales revenue of Qiandeng Kingboard Yu Garden Phase 1 project for units already taken up by buyers was recognized in the reporting period. The Group also saw much higher contract sales of residential projects when compared against the first half of last year. Furthermore, the Group's investment properties maintained a stable contribution on steadily rising rental income.

The Laminates Division delivered a set of satisfactory results. Shipment volume for 1H 2014 was up 7% against the previous year to an average monthly shipment of 9.4 million square metres. The new Lianzhou glass fabric plant at Guangdong Province commenced production within the current period. Total Laminates Division revenue (including inter-segment sales) increased by 2% to HK$6,543.3 million, with EBITDA increasing 3% to HK$1,111.6 million.

As laminates capacity continues to expand in recent years, the Group will focus on investing in upstream materials capacities to further strengthen its competitive advantage built on vertical integration. The new glass yarn plant in Qingyuan, Guangdong Province, will commence trial production in 2H 2014.

Despite soft demand for conventional electronic products such as computers, consumer demand for portable and telecommunication-related electronic products such as smartphones showed robust growth. As the Group succeeded in obtaining qualifications from many world-renowned automotive manufacturers, automotive-related orders increased substantially. Turnover of the PCB Division reached HK$3,578.5 million. However, rising operating costs and the less than satisfactory performance of Elec & Eltek Group dragged down PCB Division EBITDA to HK$341.7 million. High density interconnect ("HDI") PCB sales accounted for 24% of PCB Division sales.

Elec & Eltek Group commenced business restructuring in August with the key focus on product mix enhancement and efficiency improvement. Management is confident that performance of the PCB Division will show substantial improvement once the restructuring plan is in place.

For the Chemical Division, Yangzhou chemical refinery plant has been leased out since the second half of 2013 in return for rental and processing charges, while Huizhou phenol/acetone plant suspended production in the second quarter for capacity enhancement. As a result, Chemical Division revenue (including inter-segment sales) was down 17% to HK$6,730.4 million. EBITDA was HK$701.0 million – down 17% against last year. Share of associates' results (the bulk of which was contributed by the natural gas based methanol plant joint venture with China BlueChemical Limited) was HK$108.4 million.

The Chemical Division will benefit from the significant surge in the average selling price of acetic acid since May 2014, and is expected to record increased profitability on sales of related products. Capacity enhancement works of Huizhou phenol/acetone plant are currently in the trial production stage, with full production expected to resume by the end of the third quarter. Together with the output from the Yangzhou phenol/acetone plant, the Chemical Division will deliver attractive returns for the Group.

The Property Division started to bring in attractive returns. The occupancy rate of our key investment properties was over 90%. As a result of additional rental contribution from

Guangzhou Kingboard Plaza in 1H 2014, rental income increased by 14% to HK$288.7 million. Together with income recognition of HK$1,512.4 million from Qiandeng Kingboard Yu Garden Phase 1, division revenue jumped to HK$1,801.1 million. Contract sales reached approximately RMB1,692.1 million, with contract sales area of around 200,000 square metres in the first half of this year – up 137% against RMB715.2 million last year. As at 30 June 2014, the Group held a land bank of approximately 6 million square metres of buildable gross floor area located at prime sites in major cities such as Guangzhou, Shanghai and Kunshan in China, laying a solid foundation for future property project developments.

Despite ongoing control policies implemented by the PRC government on real estate sales, the domestic property market in China has started to show signs of a positive rebound. The Group plans to launch additional residential projects for pre-sale in Huaqiao and Kunshan in 2H 2014, which will further fuel the Group's contract sales. Meanwhile, the rising occupancy rate of Guangzhou Kingboard Plaza will continue to drive up the Group's rental income.

"Looking ahead towards the second half of 2014, domestic demand in China is expected to be boosted by infrastructure investments such as in high-speed railways and the cement industry, in order to achieve a sustained growth rate for the Chinese economy. While maintaining stringent control over capital expenditure and operating costs, we will continue to explore new market opportunities with a view to delivering higher returns to our shareholders," concluded Mr. Cheung.

To download this release, please click into: http://t6pr.com/index-e.html

About Kingboard Chemical
Kingboard Chemical Holdings Limited (HKEx: 148) 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. 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).

Press enquiries:
t6.communications limited, Jenny Lee or Veronica Yum
tel: (852)2511 8388 / fax: (852)2511 8238 / email: kb@t6pr.com