

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED
Resilient results for FY2014 with a final dividend of HK30 cents per share

Financial Highlights

	FY2014 <i>HK\$ million</i>	FY2013 <i>HK\$ million</i>	Change
Revenue	35,905.8	35,683.5	+1%
EBITDA*	5,239.1	5,323.9	-2%
Profit before tax*	2,442.5	2,538.1	-4%
Net profit attributable to owners of the Company			
- Underlying net profit*	1,800.7	1,880.0	-4%
- Reported net profit	2,536.8	2,961.4	-14%
Basic earnings per share			
- Based on underlying net profit*	HK\$1.756	HK\$1.833	-4%
- Based on reported net profit	HK\$2.473	HK\$2.887	-14%
Full-year dividend per share	HK50.0 cents	HK50.0 cents	-
- Interim dividend per share	HK20.0 cents	HK10.0 cents	+100%
- Special dividend per share	-	HK20.0 cents	-100%
- Proposed final dividend per share	HK30.0 cents	HK20.0 cents	+50%
Dividend payout ratio[#]	28%	27%	
Net asset value per share	HK\$34.8	HK\$33.3	+5%
Net gearing	42%	42%	

*Excluding:

1. Gain on fair value changes of investment properties of HK\$1,040.5 million, net of deferred tax and portion shared by non-controlling shareholders. (FY 2013: HK\$1,122.9 million)
2. Share-based payments of HK\$6.9 million, net of portion shared by non-controlling shareholders. (FY 2013: HK\$41.4 million)
3. Impairment loss recognised in respect of properties, plant and equipment of HK\$297.5 million, net of portion shared by non-controlling shareholders. (FY 2013: Nil)

[#]Calculated based on underlying net profit

Hong Kong, March 16, 2015 – Kingboard Chemical Holdings Limited (the “Company”) (HKEx: 148) and its subsidiaries (the “Group”) today announced a set of resilient results for the financial year ended 31 December 2014. All core business divisions were able to contribute earnings to the Group despite a very challenging market for the manufacturing sector. Group revenue increased 1% over the previous year to HK\$35,905.8 million, delivering an underlying net profit (excluding non-recurring items) of HK\$1,800.7 million, a mild drop of 4%. Basic earnings per share based on underlying net profit were HK\$1.756. Reported net profit decreased 14% to HK\$2,536.8 million, with basic earnings per share based on reported net profit amounting to HK\$2.473.

The Group maintained a robust financial position. The directors of the Company have proposed a final dividend of HK30 cents per share, which together with the interim dividend of HK20 cents per share, constitutes a full-year dividend of HK50 cents, representing a payout ratio of 28%.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: “We hold an optimistic outlook for the Group’s development in 2015 despite the intense competition in the global manufacturing sector. We will strive to enhance the operating efficiency of all divisions. In view of the opportunities emerging from China’s structural optimization of the manufacturing sector, we will increase our input in businesses related to environmental protection, waste-water treatment and energy and carbon emission reduction. We aim to achieve breakthrough leaps in profitability by leveraging on our industry-leading management expertise and human capital.”

The laminates division delivered satisfactory performance during the year. To further strengthen our vertical production setup, the Group has invested actively in expanding the capacities of upstream materials, including glass yarn and glass fabric, in order to provide feedstock for expanded laminates production. During the year, as capacity increased, the Group’s monthly laminates shipment climbed to a record high volume of 9.83 million square metres, an increase of 5% over 2013. Segment turnover (including inter-segment sales) from the laminates division rose 3% year on year to HK\$13,454.1 million. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) decreased 1% to HK\$2,108.7 million.

As over-capacity in the laminates market gradually eases, the market is returning to reasonable profitability levels. In the past few years, the Group has undertaken capacity enhancement works in high-performance laminates and other upstream materials, which have made increasing contributions to the Group’s sales and profitability.

Strong sales of telecommunications and automotive-related electronic products have fuelled the growth of the Printed Circuit Board (“PCB”) market. The PCB division therefore recorded a 4% growth in segment turnover to HK\$7,474.3 million, of which high density interconnect (“HDI”) PCB sales contributed 22% of the division’s total. However, as the division was negatively impacted by the restructuring of Elec & Eltek Group during the second half, EBITDA decreased 20% to HK\$696.1 million.

In 2015, the PCB order book has also gradually strengthened, on the back of continuous growth of 4G network and automotive-related orders. The restructuring of Elec & Eltek Group will begin to show results in one to two years. We believe that upon completion of the restructuring, earnings of the division will recover to past high levels. During 2015, Elec & Eltek Group plans to discontinue production at its plant in Hong Kong. The premises were converted to commercial properties for rental. Also, Elec & Eltek Group will redevelop certain unutilised land lot of plant in Guangzhou for use by data centres.

The prevailing high price of acetic acid has resulted in significant earnings for the chemical division. Enhancements to the phenol/acetone plant in Huizhou, Guangdong Province, were also completed as scheduled, bringing higher cost advantage for the division. However, the sharp plunge in global crude oil prices since the fourth quarter has caused the chemical division to record a 17% decline in segment turnover (including inter-segment sales) to HK\$14,307.9 million. EBITDA was down 14% to HK\$1,370.8 million. Share of associates’ results (the bulk of which was contributed by the natural gas-based methanol joint venture with China BlueChemical Limited) declined 24% year on year to HK\$177.0 million. In the face of the continued increase of natural gas prices and low prices of methanol, the natural gas-to-methanol plant in Chongqing has not been able to meet the expected operating efficiency. The Group therefore resolved to

close down the plant during the period, and an impairment loss of HK\$284.6 million was recognised in the accounts.

As international oil prices stabilise and with more stringent inventory control, the Group believes its chemical division will be able to return to a generally steady and upward path of development.

For the property division, sales of Qiandeng Yu Garden Phase I, in the amount of HK\$2,163.3 million, were fully booked during the period under review. Together with rental income of HK\$527.8 million, the property division recorded a turnover of HK\$2,691.1 million. Contracted sales of HK\$2,960 million were registered on total contracted sales floor area of 287,000 square metres. There were new acquisitions of land during the year. As at 31 December 2014, the Group owned a prime land bank in Shanghai, Kunshan and other major cities, measuring a buildable gross floor area of around 6 million square metres.

The property division is entering the harvest phase with continued booking of property project sales expected over the next few years. The commercial properties in Shanghai and Kunshan will be completed in phases, and have been registering satisfactory rental results. These properties are expected to contribute a steady and significant stream of cash flow for the Group in future. Maintaining a solid financial position, the division has faced the market headwinds without the need for price reductions. The Group will focus on completing all existing projects with a view to delivering greater returns to shareholders.

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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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