

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED

Record-breaking revenue and earnings in FY2010

Financial Highlights

	FY2010 <i>HK\$'million</i>	FY2009 <i>HK\$'million</i>	Change
Revenue	33,891.5	23,863.4	+42%
EBITDA	7,373.1	5,131.8	+44%
Underlying profit before tax*	5,010.0	3,098.5	+62%
Net profit attributable to owners of the Company	3,509.0	2,239.0	+57%
- Underlying net profit*	3,509.0	2,239.0	+57%
- Reported net profit	3,620.8	2,396.0	+51%
Basic earnings per share			
- Based on underlying net profit*	HK\$4.146	HK\$2.651	+56%
- Based on reported net profit	HK\$4.278	HK\$2.837	+51%
Full-year dividend per share	HK110.0 cents	HK75.0 cents	+47%
- Interim dividend per share	HK50.0cents	HK30.0 cents	+67%
- Proposed final dividend per share	HK60.0 cents	HK45.0 cents	+33%
Dividend payout ratio	26%	26%	
Net asset value per share	HK\$30.3	HK\$25.5	+19%
Net gearing	23%	22%	

* Excluding:

- 2010 – (1) gain on disposal of available-for-sale investments of HK\$111.8 million (net of the portion shared by minority shareholders)
- 2009 – (1) net loss on disposal of subsidiaries of HK\$82.6 million
 (2) gain on disposal of partial interests in subsidiaries of HK\$340.0 million
 (3) impairment loss on available-for-sale investments of HK\$111.8 million (net of the portion shared by minority shareholders)
 (4) discount on acquisition of HK\$11.4 million (net of the portion shared by minority shareholders)

Hong Kong, March 7, 2011 – Kingboard Chemical Holdings Limited (the “Company”) (HKEx: 148) and its subsidiaries (the “Group”) today announced record-breaking results for the financial year ended 31 December 2010. The Group’s revenue soared substantially by 42% to HK\$33,891.5 million and underlying net profit (excluding non-recurring item) jumped by 57% to HK\$3,509 million, basic earnings per share was HK\$4.146. The directors of the Company have resolved to recommend a final dividend of HK60 cents per share.

Mr. Paul Cheung Kwok Wing, Chairman of the Group said: “The Group saw impressive results from all business segments. Demand for laminates and printed circuit board (“PCB”) products continued to grow as a result of thriving demand for consumer electronic products especially smartphones as well as tablet PCs. Our laminate and PCB divisions posted remarkable earnings.

Driven by buoyant demand for chemical products, our chemical division delivered outstanding performance with spectacular growth in both turnover and profit. Our properties division generated stable rental income from our investment properties.”

Turnover (including inter-segment sales) for the laminate division was up 43% to HK\$13,507.6 million while earnings before interest, tax, depreciation and amortisation (“EBITDA”) increased 24% to HK\$3,391 million. Volume sales increased around 15% against 2009 and average monthly shipment volume reached 9.29 million square metres. Key raw materials price showed a continued uptrend during the year under review which in turn translated into higher average selling price (“ASP”) of laminates products compared to previous year.

The ASP of laminates products continued to show an uptrend as raw material prices persisted at a high level in the first two months of 2011. In order to meet strong laminate demand for multilayer and High density interconnect (“HDI”) PCBs, the Group is working on capacity expansion for thin laminate production capacity in Jiangmen laminate plant. In addition, construction plans are also underway to set up a new glass fabric plant and a new glass yarn plant in Changzhou, Jiangsu province over the next two years. These new capacities will help to secure key upstream materials supply for the laminate production in eastern China and further reinforce its vertically integrated business model.

The PCB division also achieved excellent performance. Turnover for PCB division rose by 20% to HK\$8,704.9 million and EBITDA increased 39% to HK\$1,622.4 million. HDI PCB performed extremely well for the division. Demand for HDI PCB was robust owing to strong sales of smartphones and high-end communication devices. Monthly capacity from the two dedicated HDI PCB plants in Kunshan, Jiangsu province and Kaiping, Guangdong province expanded from 600,000 square feet in 2009 to around 1,000,000 square feet by the end of 2010. HDI PCB sales doubled against that in 2009, accounting for 12% of total PCB sales and adding extra growth impetus to the division.

The Group is constructing a new PCB facility in Yi Zheng Industrial Park, Yangzhou, Jiangsu province with phase I monthly capacity of 1 million square feet. Furthermore, the two dedicated HDI PCB plants in Kunshan, Jiangsu province and Kaiping, Guangdong province as well as the Thailand PCB plant are expected to expand production capacity in 2011 with an aim to capture further market share gain.

Turnover for the chemical division jumped 52% to HK\$14,465.5 million and EBITDA rose substantially by 100% to HK\$1,995.2 million. Ongoing economic growth and industrialisation in China continued to boost the selling prices and demand for chemical products in 2010. The phenol/acetone plant in Huizhou, Guangdong province achieved outstanding performance on the back of strong demand. The Group’s other chemical projects including chemical refinery plant in Yangzhou, Jiangsu province and coke/methanol plant in Xingtai, Hebei province as well as caustic soda plant in Hengyang, Hunan province also delivered attractive earnings for the Group. Share of associates results (bulk of which contributed by the natural gas based methanol joint venture with China BlueChemical Limited) was up sharply by 212% to HK\$200.9 million as a result of higher methanol selling prices in 2010.

Phase II expansion plan for the chemical refinery plant in Yangzhou, Jiangsu province is on track to add a new catalytic cracking unit with annual capacity of 2 million metric tonnes. Downstream capacity will further be enhanced through building a new phenol/acetone plant with annual

capacity of 300,000 metric tonnes. As a result of resource sharing among these two facilities, feedstock supply is secured for the new phenol/acetone plant. Meanwhile, capability enhancement plans for the existing phenol/acetone plant in Huizhou, Guangdong province are currently in the pipeline and expected to be completed in 2011. The successful acquisition of the Hengyang caustic soda plant in 2003 has brought excellent returns to the Group and accumulated valuable experience and technical expertise in this sector. Growth potential for caustic soda is enormous in China. In early 2011 the Group acquired another caustic soda plant in Gaomi, Shangdong province with an annual capacity of 60,000 metric tonnes. Planning is also underway to expand the production capacity of the Hengyang caustic soda plant over the next few years.

With regards to the properties division, as at 31 December 2010, the Group had a land bank of approximately 2.6 million square metres with investment properties and residential projects located at prime locations in eastern and southern China. The key investment properties, including Shanghai Kingboard Modern Plaza and Guangzhou Zhan Wang Digital Plaza, located at prime location with easy access and enjoyed good occupancy rate. Total rental income for the Group increased 38% to HK\$125.7 million from HK\$90.8 million in 2009.

Renovation for Guangzhou Dong Zhao Building has been completed with inspection approval from government authorities. The Group have started leasing negotiations with prospective tenants and additional rental income is expected from this property in 2011. The Group's first residential project -- Shanghai Yu Garden in Kunshan, Jiangsu province has pre-sold over 90% of units with cash receipt over RMB900 million. Earnings in connection with this project are expected to be booked in the FY2011. In addition, construction of another residential project -- Qiandeng Kingboard Yu Garden in Kunshan has commenced and pre-sale for this project is expected in 2011.

Mr. Cheung concluded: "The operating landscapes for the Group in 2011 remain challenging as we are facing headwinds of rising costs, wage increase and RMB appreciation. Nevertheless, with our diversified business portfolio and our experienced management team, the Group will respond promptly to changes in the market with decisive action. We are confident that the Group will continue to deliver attractive returns to our shareholders in future."

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 also includes Kingboard Laminates Holdings Limited (HKEx: 1888), Kingboard Copper Foil Holdings Limited (listed on the Singapore Exchange) and Elec & Eltek International Company Limited (listed on the Singapore Exchange).

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