

For immediate release

KINGBOARD CHEMICAL HOLDINGS LIMITED

Record High Revenue and Net Profit in 1H11

Financial Highlights

	Six months ended 30 June		Change
	2011	2010	
	<i>HK\$'million</i>	<i>HK\$'million</i>	
Revenue	18,953.9	16,460.0	+15%
EBITDA	3,713.4	3,632.5	+2%
Profit before tax	2,491.1	2,521.2	-1%
Net profit attributable to owners of the Company	1,814.3	1,780.4	+2%
Basic earnings per share	HK\$2.128	HK\$2.108	+1%
Interim dividend per share	HK40.0 cents	HK50.0 cents	-20%
Dividend payout ratio	19%	24%	
Net asset value per share	HK\$32.6	HK\$27.3	+19%
Net gearing ratio	33%	23%	

Hong Kong, August 29, 2011 – Kingboard Chemical Holdings Limited (the “Company”) (HKEx: 148) and its subsidiaries (the “Group”) today announced that Group revenue in the first half of 2011 (“1H 2011”) increased 15% to HK\$18,953.9 million, while net profit rose 2% to HK\$1,814.3 million. The directors of the Company have resolved to declare an interim dividend of HK40 cents per share.”

Mr. Paul Cheung Kwok Wing, Chairman of the Company said: “The business operating environment remained challenging for the Group during the reporting period. As a result of disruption to the electronics supply chain caused by the earthquake in Japan in the second quarter of 2011 (“Q2 2011”), the performance of both laminate and printed circuit board (“PCB”) divisions were negatively impacted. Meanwhile, driven by favourable chemical prices and robust demand for chemical products in China, our chemical projects generated remarkable returns to the Group. Thus, the contribution of earnings before interest, tax, depreciation and amortisation (“EBITDA”) of the chemical division surged to 42% of Group EBITDA (first half of 2010 (“1H 2010”): 25%). In addition, our investment properties continued to bring in stable rental income for the Group.”

In the first quarter of 2011 (“Q1 2011”), demand for laminate products rebounded from the levels seen in the last quarter of 2010. Average selling price (“ASP”) for laminate products, especially glass epoxy laminates, showed an uptrend in Q1 2011 due to higher copper price compared with Q1 2010. In Q2 2011, the global electronics supply chain was impacted badly by the unprecedented earthquake in Japan. Shortage of certain key electronics components caused

across-the-board inventory adjustments by its end-customers which in turn dampened the demand for laminates. The consequent lower utilisation rate of its production facilities compared with the corresponding period last year, coupled with raw material and operating cost increases, squeezed the division's margins. Overall laminate shipment volume was down 8%, with an average monthly shipment of 8.8 million square metres. Overall laminate division revenue (including inter-segment sales) was HK\$7,168.9 million and Renminbi ("RMB") revenue contribution jumped to 42% in the current period from 39% last year. EBITDA was HK\$1,487.5 million. Laminates order book and ASP have shown an uptrend at the beginning of the third quarter of 2011. New monthly capacities of 400,000 sheets of composite epoxy material ("CEM") and glass epoxy laminates from its plant in Jiangyin, Jiangsu province already went into mass production in Q2 2011. Additional monthly capacities of 400,000 sheets of CEM and glass epoxy laminates are expected to commence trial production early next year. Meanwhile, the Group also plans to increase its capacity of high performance laminates at its Jiangmen plant in Guangdong province in order to meet buoyant laminate demand for multilayer and HDI PCBs.

Similar to the laminate division, performance of the PCB division was also affected by weaker demand for PCB products especially conventional PCBs due to the disruption of the electronics supply chain in Q2 2011. The Group focused on expanding HDI business with support from the two dedicated HDI plants in Kaiping, Guangdong province and Kunshan, Jiangsu province, which enabled the division to seize the thriving HDI market opportunity. HDI PCB turnover contribution surged to 16% of PCB sales in 1H 2011 from 10% in 1H 2010. Turnover of the PCB division reached HK\$4,021.6 million while EBITDA was HK\$621.7 million. The Group will continue to expand HDI PCB capacity to meet customer demand. Two dedicated HDI plants in Kaiping and Kunshan will progressively ramp up HDI capacity in line with the Group's strategy. In addition, phase I of the new PCB base in Yangzhou, Jiangsu province, is expected to start trial production by end of this year.

For the chemical division, boosted by robust demand and the strong ASP for phenol/acetone in 1H 2011, phenol/acetone plant in Huizhou, Guangdong province, generated impressive earnings for the Group. Other chemical projects, including chemical refinery plant in Yangzhou, Jiangsu province, caustic soda plant in Hengyang, Hunan province, and coke/methanol plant in Xingtai, Hebei province, also delivered excellent performance. Fueled by improved ASP for acetic acid against the corresponding period last year, the acetic acid plant in Hebei turned around to generate a profit during the current period. As a result, chemical division revenue soared 38% to HK\$9,078.4 million with EBITDA up 73% to HK\$1,442.9 million in 1H 2011. Share of associates results (the bulk of which was contributed by its natural gas based methanol plant joint venture with China BlueChemical Limited) increased by 38% to HK\$125.0 million as a result of higher methanol price in 1H 2011. The new Yangzhou phenol/acetone plant is expected to commence trial production by the end of 2011, with an annual capacity of 300,000 tonnes. Meanwhile, the capacity enhancement plan for the existing phenol/acetone plant in Huizhou is currently in the pipeline so as to further improve operating efficiency.

The Group's key investment properties in eastern and southern China continued to generate stable rental income. Shanghai Kingboard Modern Plaza and Guangzhou Zhan Wang Digital Plaza have consistently made a steady earnings contribution. Renovation of Guangzhou Dong Zhao Building was completed in March of this year. Leasing activities of this building have commenced with the occupancy rate recently reaching 50% of lettable area. Rental income from the properties division jumped 72% to HK\$100.3 million in 1H 2011. As at 30 June 2011, the Group held a land bank of over 3 million square metres of gross floor area located at prime sites

in major cities such as Guangzhou, Shanghai and Kunshan in China. Earnings in connection with the Group's first residential development project – Shanghai Yu Garden in Kunshan will be recognized in 2H 2011. In addition, pre-sale for another residential project – Kunshan Qiandeng Yu Garden is also expected to commence in 2H 2011.

Mr. Cheung concluded: “Looking ahead to the second half of 2011 (“2H 2011”), the outlook for the global economy remains uncertain owing to concerns about the ongoing eurozone debt crisis and a slowdown in the US economy. Benefitting from solid business fundamentals and a seasoned management team, the Group is confident that it can face any headwinds that may occur. Meanwhile, with continued accelerating urbanisation and industrialisation in the PRC, demand for electronics and chemical products is expected to maintain a positive growth momentum. Our well diversified business portfolio has always effectively mitigated risk exposure for the Group during different economic cycles, and we will continue to invest in our core businesses so as to deliver attractive returns for 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), Elec & Eltek International Company Limited (HKEx: 1151 & SGX: E16) and Kingboard Copper Foil Holdings Limited (SGX: K14).

Press Enquiry:

t6.communications limited, Jenny Lee or Angus Ho
tel : (852)2511 8388 / fax : (852)2511 8238
email : enquiry@t6pr.com / url : www.t6pr.com