

* *For identification purpose only*

The board of directors (the “Board”) of Kingboard Chemical Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2011 together with the comparative figures for the corresponding period in 2010 as follows:

		2011	2010
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Restated)
Revenue	2	18,953,859	16,459,971
Cost of sales and services rendered		<u>(15,330,116)</u>	<u>(12,868,795)</u>
Gross profit		3,623,743	3,591,176
Other income	4	142,017	89,207
Distribution costs		(447,899)	(429,137)
Administrative costs		(794,703)	(730,081)
Finance costs		(156,431)	(87,999)
Share of results of associates		125,043	90,779
Share of results of jointly controlled entities		<u>(687)</u>	<u>(2,765)</u>
Profit before taxation		2,491,083	2,521,180
Income tax expense	5	<u>(264,855)</u>	<u>(200,330)</u>
Profit for the period		<u>2,226,228</u>	<u>2,320,850</u>
Profit for the period attributable to:			
Owners of the Company		1,814,339	1,780,371
Non-controlling interests		<u>411,889</u>	<u>540,479</u>
		<u>2,226,228</u>	<u>2,320,850</u>
Earnings per share	7		
Basic		<u>HK\$2.128</u>	<u>HK\$2.108</u>
Diluted		<u>HK\$2.113</u>	<u>HK\$2.087</u>

	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Profit for the period	<u>2,226,228</u>	<u>2,320,850</u>
Other comprehensive income for the period:		
Cash flow hedge:		
Loss on cash flow hedges	(1,375)	(35,760)
Deferred tax recognised in relation to change in cash flow hedges	(4,680)	5,065
Reclassification adjustment relating to transfer of cash flow hedges	35,952	59,667
Investment revaluation reserve:		
Fair value changes of available-for-sale investments	(26,003)	159,277
Reclassification adjustment relating to disposal of available-for-sale investments	(4,550)	(46,771)
Property revaluation reserve:		
Fair value gain on properties transferred to investment properties	290,548	–
Translation reserve:		
Exchange differences arising on translation of foreign operations and to presentation currency	<u>523,449</u>	<u>219,904</u>
Other comprehensive income for the period (net of tax)	<u>813,341</u>	<u>361,382</u>
Total comprehensive income for the period	<u>3,039,569</u>	<u>2,682,232</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	2,532,144	2,105,722
Non-controlling interests	<u>507,425</u>	<u>576,510</u>
	<u>3,039,569</u>	<u>2,682,232</u>

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	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Investment properties		3,344,808	2,130,210
Properties, plant and equipment	8	17,553,721	17,574,362
Prepaid lease payments		966,128	919,313
Goodwill		2,288,149	2,288,149
Investments in associates		581,000	564,447
Available-for-sale investments		2,650,438	2,299,936
Interests in jointly controlled entities		262	1,075
Non-current deposits		1,812,438	1,715,339
Deferred tax assets		20,429	25,549
		<u>29,217,373</u>	<u>27,518,380</u>
Current assets			
Inventories		4,915,318	4,023,228
Properties held for development		6,730,737	4,625,399
Trade and other receivables and prepayments	9	9,413,476	7,958,511
Bills receivables	9	2,288,801	1,932,724
Prepaid lease payments		25,755	23,617
Taxation recoverable		31,196	41,693
Bank balances and cash		4,853,753	5,143,658
		<u>28,259,036</u>	<u>23,748,830</u>
Current liabilities			
Trade and other payables	10	4,916,952	4,368,885
Bills payables	10	964,671	1,163,337
Deposits received from pre-sale of residential units		1,264,071	1,061,578
Derivative financial instruments		7,130	47,070
Taxation payable		545,112	591,764
Bank borrowings		4,979,630	5,241,974
		<u>12,677,566</u>	<u>12,474,608</u>
Net current assets		<u>15,581,470</u>	<u>11,274,222</u>
Total assets less current liabilities		<u>44,798,843</u>	<u>38,792,602</u>

	0 1 0 1 1 HK\$'000 (Unaudited)	1 0 1 0 HK\$'000 (Audited)
Non-current liabilities		
Deferred tax liabilities	80,534	73,378
Derivative financial instruments	26,931	50,755
Bank borrowings	11,007,888	7,086,134
	<u>11,115,353</u>	<u>7,210,267</u>
	<u>33,683,490</u>	<u>31,582,335</u>
Capital and reserves		
Share capital	85,467	84,950
Share premium and reserves	27,772,106	25,685,224
	<u>27,857,573</u>	<u>25,770,174</u>
Equity attributable to owners of the Company	27,857,573	25,770,174
Non-controlling interests	<u>5,825,917</u>	<u>5,812,161</u>
Total equity	<u>33,683,490</u>	<u>31,582,335</u>

HKFRS 11 replaces HKAS 31 “Interests in joint ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties’ rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. The application of HKFRS 11 might result in changes in the classification of the Group’s joint arrangements and will change the accounting treatments.

The Group has already commenced an assessment of the impact of these new and revised standards but is not yet in a position to state whether these new and revised standards would have a material impact on its results of operations and financial position.

Rental income from property investments is reclassified as part of the principal activities of the Group and as a result, the rental income of HK\$100,331,000 for the six months ended 30 June 2011 was reclassified as revenue from other income. The directors of the Company are of the opinion that such reclassification is necessary to give a better understanding of the performance of the Group and the comparative amounts presented have been restated to conform with the revised classification.

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) in order to allocate resources to segments and to access their performance. Specifically, the Group’s operating segments under HKFRS 8 are as follows:

Laminates	–	manufacture and sale of laminates
Printed circuit boards (“PCBs”)	–	manufacture and sale of PCBs
Chemicals	–	manufacture and sale of chemicals
Properties	–	property developments and investments
Others	–	manufacture and sale of liquid crystal displays, magnetic products and others

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors, being the CODM of the Group. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements. The executive directors assess segment profit or loss using a measure of operating profit whereby certain items are not included in arriving at the segment results of the operating segments (share of results of associates and jointly controlled entities, income tax expenses, finance costs, and unallocated corporate income and expenses).

Segment revenues and results by reportable segments are presented below:

	2019	2018	2017	2016	2015	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue							
External sales	5,825,716	4,021,582	8,625,697	100,331	380,533	–	18,953,859
Inter-segment sales	1,343,156	–	452,726	–	7,269	(1,803,151)	–
Total	<u>7,168,872</u>	<u>4,021,582</u>	<u>9,078,423</u>	<u>100,331</u>	<u>387,802</u>	<u>(1,803,151)</u>	<u>18,953,859</u>
Result							
Segment result	<u>1,089,741</u>	<u>352,511</u>	<u>1,065,515</u>	<u>84,276</u>	<u>15,139</u>		2,607,182
Unallocated corporate income							75,988
Unallocated corporate expenses							(160,012)
Finance costs							(156,431)
Share of results of associates							125,043
Share of results of jointly controlled entities							(687)
Profit before taxation							2,491,083
Income tax expense							(264,855)
Profit for the period							<u>2,226,228</u>

Inter-segment sales are charged by reference to market prices.

	2019	2018	2017	2016	2015	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue							
External sales	5,283,197	4,538,290	6,208,530	58,249	371,705	–	16,459,971
Inter-segment sales	1,570,565	–	369,393	–	6,459	(1,946,417)	–
Total	<u>6,853,762</u>	<u>4,538,290</u>	<u>6,577,923</u>	<u>58,249</u>	<u>378,164</u>	<u>(1,946,417)</u>	<u>16,459,971</u>
Result							
Segment result	<u>1,545,559</u>	<u>492,703</u>	<u>498,479</u>	<u>33,103</u>	<u>20,213</u>		2,590,057
Unallocated corporate income							44,848
Unallocated corporate expenses							(113,740)
Finance costs							(87,999)
Share of results of associates							90,779
Share of results of jointly controlled entities							(2,765)
Profit before taxation							2,521,180
Income tax expense							(200,330)
Profit for the period							<u>2,320,850</u>

Inter-segment sales are charged by reference to market prices.

During the reporting period, depreciation of approximately HK\$1,065.9 million (1 January 2010 to 30 June 2010: HK\$1,023.3 million) was charged in respect of the Group's properties, plant and equipment.

	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited) (Restated)
Other income comprises:		
Dividends from available-for-sale investments	38,601	11,540
Gain on disposal of available-for-sale investments	4,551	46,771
Gain on fair value changes of investment properties	26,915	–
Interest income	24,438	14,665
Others	47,512	16,231
	<u>142,017</u>	<u>89,207</u>

	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
The amount comprises:		
Hong Kong Profits Tax	7,088	4,103
Taxation arising in other jurisdictions	<u>248,875</u>	<u>189,588</u>
	255,963	193,691
Deferred taxation		
Charge for the period	<u>8,892</u>	<u>6,639</u>
	<u>264,855</u>	<u>200,330</u>

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2011 of HK40 cents (2010: HK50 cents) per share to the shareholders whose names appear on the register of members of the Company on Monday, 19 September 2011. The dividend warrants will be dispatched on or around Friday, 23 September 2011.

The calculations of the basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share	<u>1,814,339</u>	<u>1,780,371</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	852,566,187	844,739,534
Add: Effect of dilutive potential ordinary shares relating to:		
– outstanding share options issued by the Company	1,762,901	8,177,686
– outstanding warrants issued by the Company	<u>4,243,159</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>858,572,247</u>	<u>852,917,220</u>

During the reporting period, the Group spent approximately HK\$1,143 million (1 January 2010 to 30 June 2010: HK\$780 million) on acquisition of properties, plant and equipment.

	31.12.2011 HK\$'000 (Unaudited)	31.12.2010 HK\$'000 (Audited)
Trade receivables	6,056,310	5,159,244
Advance to suppliers	1,025,524	947,077
Other receivables and prepayments	2,331,642	1,852,190
	<u>9,413,476</u>	<u>7,958,511</u>

The Group allows credit periods of up to 120 days, depending on the products sold, to its trade customers. The following is an aged analysis of the trade receivables at the end of the reporting period:

	31.12.2011 HK\$'000 (Unaudited)	31.12.2010 HK\$'000 (Audited)
0 – 90 days	4,891,214	4,190,710
91 – 180 days	1,108,451	907,357
Over 180 days	56,645	61,177
	<u>6,056,310</u>	<u>5,159,244</u>

Included in trade receivables are receivables for sales to a substantial shareholder of the Company of approximately HK\$203,623,000 (31.12.2010: HK\$19,008,000).

All bills receivables of the Group are aged within 90 days at the end of the reporting period.

10. 應付賬款及應付票據 (Trade Payables and Trade Payable Bills)

The following is an aged analysis of the trade payables at the end of the reporting period:

	31.12.2011 HK\$'000 (Unaudited)	31.12.2010 HK\$'000 (Audited)
0 – 90 days	1,688,713	1,658,076
91 – 180 days	343,432	347,702
Over 180 days	232,981	191,247
	<u>2,265,126</u>	<u>2,197,025</u>

Included in trade payables are payables for purchases from a substantial shareholder of the Company of approximately HK\$108,753,000 (31.12.2010: HK\$34,485,000).

All bills payables of the Group are aged within 90 days at the end of the reporting period.

On behalf of the Board of Directors, I am pleased to report to our shareholders that Kingboard Chemical Holdings Limited (the “Group”) delivered another set of excellent results for the six months ended 30 June 2011 (“1H 2011”). 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. Group revenue was up 15% to HK\$18,953.9 million. EBITDA increased 2% to HK\$3,713.4 million and net profit rose by 2% to HK\$1,814.3 million.

Elec & Eltek International Company Limited, a subsidiary which has been listed on the main board of the Singapore Exchange, successfully achieved dual primary listing status by introduction to the main board of the Hong Kong Stock Exchange on 8 July 2011. This sets another important milestone in the long term development of our PCB division. Leveraging on a broader investors base in these two key stock exchanges in Asia region, the Group can have access to capital market with strong financial flexibility.

During the period under review, the Group had the honour to be named by Forbes Magazine as one of the Global 2000 leading companies for the second consecutive year. This clearly underscores the accomplishments of our management with strong leadership in building and managing a successful business portfolio with diversified income streams. To reward our shareholders, the Board resolved to declare an interim dividend of HK40 cents per share.

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	HK\$'million	HK\$'million	
Revenue	18,953.9	16,460.0	+15%
EBITDA	3,713.4	3,632.5	+2%
EBIT	2,491.1	2,521.2	-1%
Net Profit	1,814.3	1,780.4	+2%
Dividend	HK\$2.128	HK\$2.108	+1%
Interim Dividend	HK40.0 cents	HK50.0 cents	-20%
EBITDA Margin	19%	24%	
EBIT Margin	HK\$32.6	HK\$27.3	+19%
Net Profit Margin	33%	23%	



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 our end-customers which in turn dampened the demand for laminates. The consequent lower utilisation rate of our 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. However, despite signs of slowdown in the global economy, the China domestic market remained buoyant. Laminate division strategically expanded its business presence in China, and Renminbi (“RMB”) revenue contribution jumped to 42% in the current period from 39% last year. Overall laminate division revenue (including inter-segment sales) was HK\$7,168.9 million, with EBITDA at HK\$1,487.5 million.

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. Nevertheless, underpinned by stringent cost control initiatives and ongoing product mix upgrade, the Group was able to mitigate cost pressure from labour and raw material cost increases as well as RMB appreciation. Demand for high density interconnects (“HDI”) PCBs remained strong, driven by a surge in the production of high-end electronics products, such as smartphones. 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.

Chemical division posted remarkable results, with increases in chemicals shipment volume and ASP against the same period last year. Boosted by robust demand and the strong ASP for phenol/acetone in 1H 2011, our phenol/acetone plant in Huizhou, Guangdong province, g Chini13

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.

Our financial and liquidity position continued to be solid. As at 30 June 2011, net current assets and current ratio of the Group were approximately HK\$15,581.5 million (31 December 2010 – HK\$11,274.2 million) and 2.23 (31 December 2010 – 1.90) respectively.

The net working capital cycle increased from 65 days as at 31 December 2010 to 78 days as at 30 June 2011 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 58 days (31 December 2010 – 55 days).
- Trade receivables, in terms of debtors turnover days, increased to 58 days (31 December 2010 – 56 days).
- Trade and bills payable, in terms of creditors turnover days, reduced to 38 days (31 December 2010 – 46 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) was approximately 33% (31 December 2010 : 23%). The proportion of bank borrowings between short term and long term stood at 31%:69% (31 December 2010 : 43%:57%). During the period under review, the Group invested around HK\$1,143.3 million and HK\$2,719.0 million in new production capacity and properties development projects respectively. As at 30 June 2011, the Group had cash on hand and committed and undrawn banking facilities of HK\$4.8 billion and HK\$2.3 billion respectively. Hence, with a robust balance sheet coupled with strong liquidity, the Group is well equipped to ride through any challenges and capture growth opportunities in the market place.

The Group continued to adopt prudent financial management policy including the use of interest rate swap contract to minimize exposure to fluctuation in interest rates movement. At the end of June 2011, outstanding notional amount of interest rate swap agreements stood at HK\$1.7 billion with a weighted average duration and interest rate of 0.52 year and 3.06% respectively. Other than derivative financial instruments in connection with our daily operations as mentioned above, the Group had not entered into any other material derivative financial instruments throughout the first six months of 2011. There was no material foreign exchange rate exposure to the Group during the period under review. The Group's revenue, mostly denominated in Hong Kong dollars, RMB and US dollars, was fairly matched with the currency requirement of operating expenses.

As at 30 June 2011, the Group had a global workforce of approximately 49,300 (31 December 2010 – 47,300). The increase in headcount was in line with the expanded business activities. In addition to offering a competitive salary package, the Group grants share options and discretionary bonuses to eligible employees based on our overall financial achievement and individual performance.

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.

With regard to the laminate division, the Group will focus on expanding the domestic market business in China to gain additional market share. 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 our 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. Furthermore, plans for a new glass fabric and glass yarn plants in Changzhou, Jiangsu province, are also underway. Trial production schedule will be fixed in due course in accordance with market demand.

High-end communication devices and high technology electronics products are set to become the next major growth driver in the market. The Group will therefore 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.

In order to increase our market share in the domestic chemical market, the Group will allocate more resources to the chemical division. 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. Resource sharing with the Yangzhou chemical refinery plant at the same site will help to secure the supply of feedstock for the phenol/acetone plant. This project is expected to become another strong growth impetus for the chemical division next year. Meanwhile, our capacity enhancement plan for the existing phenol/acetone plant in Huizhou is currently in the pipeline so as to further improve operating efficiency.

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. With this new income stream, the properties division is expected to generate stable and attractive returns for the Group.

— 謝國強 —

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, banks, the management and employees for their unreserved support to the Group in the reporting period.

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The register of members of the Company will be closed from Thursday, 15 September 2011 to Monday, 19 September 2011 (both days inclusive) during which period no transfers of shares will be registered. In order to qualify for receiving the interim dividend, the Company's shareholders are reminded to ensure that all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 14 September 2011.

Registered holders of the Company's 2012 warrants who wish to exercise their subscription rights attached to their warrants in order to qualify for receiving the interim dividend should complete and sign the subscription form and lodge them with the relevant warrant certificates and the appropriate subscription money with Tricor Secretaries Limited at the above address not later than 4:00 p.m. on Wednesday, 14 September 2011.

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During the six months ended 30 June 2011, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange.

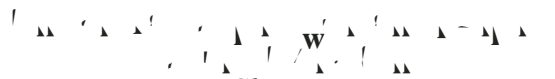
— 謝國強 —

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements of the Group for the period ended 30 June 2011.

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 2011, save for the deviation that the non-executive Director and independent non-executive Directors are not appointed for specific terms pursuant to paragraph A.4.1 of the Code. Notwithstanding the aforesaid deviation, all the Directors (including the non-executive Director and independent non-executive Directors) are subject to retirement by rotation and re-election at the Company’s annual general meeting in compliance with the Company’s Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Following a specific enquiry, each Director has confirmed that he or she has complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2011.

By Order of the Board


Chairman

Hong Kong, 29 August 2011

As at the date of this announcement, the Board consists of Messrs. Cheung Kwok Wing, Cheung Kwong Kwan, Chang Wing Yiu, Ho Yin Sang, Cheung Wai Lin, Stephanie, Mok Cham Hung, Chadwick, and Chen Maosheng, being the executive Directors, Mr. Chan Wing Kwan, being the non-executive Director, and Messrs. Cheng Wai Chee, Christopher, Henry Tan, Lai Chung Wing, Robert and Tse Kam Hung, being the independent non-executive Directors.