

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:

	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
		(Restated)
Revenue	18,953,859	16,459,971
Cost of sales and services rendered	(15,330,116)	(12,868,795)
Gross profit	3,623,743	3,591,176
Other income	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	(687)	(2,765)
Profit before taxation	2,491,083	2,521,180
Income tax expense	(264,855)	(200,330)
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	411,889	540,479
	<u>2,226,228</u>	<u>2,320,850</u>
Earnings per share		
Basic	<u>HK\$2.128</u>	<u>HK\$2.108</u>
Diluted	<u>HK\$2.113</u>	<u>HK\$2.087</u>



Si mon hs ended 30 J ne

	2011	2010
	⊠\$000	⊠⊠⊠⊠⊠⊠
Profit for the period	2,226,228	2,320,850
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	523,449	219,904
Other comprehensive income for the period (net of tax)	813,341	361,382
Total comprehensive income for the period	3,039,569	2,682,232
Total comprehensive income for the period attributable to:		
Owners of the Company	2,532,144	2,105,722
Non-controlling interests	507,425	576,510



	30 June 2011	31 December 2010
	(\$'000)	(\$'000)
Non-current assets		
Investment properties	3,344,808	2,130,210
Properties, plant and equipment	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



30 June 2011 31 December 2010

(\$'000)
(€'000)

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

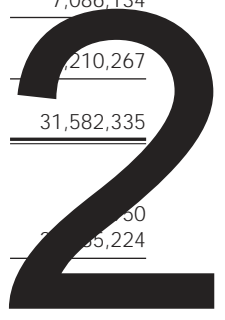
	11,115,353	7,210,267
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	33,683,490	31,582,335
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Capital and reserves

Share capital	85,467	85,467
Share premium and reserves	27,772,106	27,772,106

Equity at 31 December 2010 (2010) 31,582,335 (2010) 31,582,335



Attributable owners of the Company

	Attributable owners of the Company											Non-						
	Share capital	Share premium	Share option reserve	Capital redemption reserve	Warrant reserve	Other reserves	Special accounts	Statutory reserve	Hedging reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve	Provisional reserve
Balance at 1 January 2011	84,950	4,425,228	-	1,911	675,086	782,435	10,594	211,988	(49,757)	22,484	137,703	2,056,261	17,411,291	25,770,174	5,812,161	31,582,335		
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,814,339	1,814,339	411,889	2,226,228			
Loss on cash flow hedge	-	-	-	-	-	-	-	-	(1,375)	-	-	-	-	(1,375)	-	(1,375)		
Transfer to profit or loss on cash flow hedge	-	-	-	-	-	-	-	-	35,952	-	-	-	-	35,952	-	35,952		
Deferred tax recognised in relation to change in cash flow hedges	-	-	-	-	-	-	-	-	(4,680)	-	-	-	-	(4,680)	-	(4,680)		
Fair value changes of available-for-sale investments	-	-	-	-	-	-	-	-	-	-	(26,003)	-	-	(26,003)	-	(26,003)		
Investment revaluation reserve released on disposal	-	-	-	-	-	-	-	-	-	-	(4,550)	-	-	(4,550)	-	(4,550)		
Fair value gain on properties transferred to investment properties	-	-	-	-	-	-	-	-	290,548	-	-	-	-	290,548	-	290,548		
Exchange differences arising on translation of foreign operations and to presentation currency	-	-	-	-	-	-	-	-	-	-	-	427,913	-	427,913	95,536	523,449		
Total comprehensive income for the period	-	-	-	-	-	-	-	29,897	290,548	(30,553)	427,913	1,814,339	2,532,144	507,425	3,039,569			
Issue of new shares from exercise of share options	447	16,283	-	-	-	-	-	-	-	-	-	-	16,730	-	16,730			
Issue of new shares from exercise of warrants	70	33,319	-	-	(5,565)	-	-	-	-	-	-	-	27,824	-	27,824			
Recognition of equity-settled share based payments	-	-	30,317	-	-	-	-	-	-	-	-	-	30,317	13,020	43,337			
Final dividend for the year ended 31 December 2010	-	-	-	-	-	-	-	-	-	-	-	(512,800)	(512,800)	-	(512,800)			
Capital contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,046	3,046		
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(6,816)	-	-	-	-	-	-	(6,816)	(87,185)	(94,001)			
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(35,771)	35,771	-	(101,192)	(101,192)			
Dividend paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(321,358)	(321,358)			
Transfers	-	-	-	-	-	-	-	36,231	-	-	-	-	(36,231)	-	-			
	517	49,602	30,317	-	(5,565)	(6,816)	-	36,231	-	-	(35,771)	(513,260)	(444,745)	(493,669)	(938,414)			
Balance at 30 June 2011	85,467	4,474,830	30,317	1,911	669,521	775,619	10,594	248,219	(19,860)	313,032	107,150	2,448,403	18,712,370	27,857,573	5,825,917	33,683,490		



2. Revenue

Revenue represents the net amounts received and receivable by the Group from the sale of goods and services rendered to outside customers, net of discounts, returns and sales related taxes, and rental income received and receivable by the Group, for each reporting period and is analysed as follows:

	Six months ended 30 June	
	2011	2010
		HK\$000
		(Restated)
Sale of laminates	5,825,716	5,283,197
Sale of printed circuit boards ("PCBs")	4,021,582	4,538,290
Sale of chemicals	8,625,697	6,208,530
Rental income	100,331	58,249
Others	380,533	371,705
	18,953,859	16,459,971

Amount included service income of HK\$30,961,000 (1 January 2010 to 30 June 2010: HK\$26,491,000).

3. Segment information

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
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:

	Lamina es	PCBs	Chemicals	Proper ties	O hers	Elimina tions	Consolida ed
Six months ended 30 June 2011							
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)	-



	Laminates ¥2\$000	PCBs ¥2\$000	Chemicals ¥2\$000	Properties ¥2\$000	Others ¥2\$000	Eliminations ¥2\$000	Consolidated ¥2\$000
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Six months ended
30 June 2010 (Restated)

Segment revenue							
External sales	5,283,197	4,538,290	6,208,530	58,249	371,705	-	16,459,971
Inter-segment sales	<u>1,570,565</u>	<u>-</u>	<u>369,393</u>	<u>-</u>	<u>6,459</u>	<u>(1,946,417)</u>	<u>-</u>

4. Depreciation

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.

5. Other income

	Six months ended 30 June	
	2011	2010
		HK\$'000
		(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>

6. Income tax expense

	Six months ended 30 June	
	2011	2010
		HK\$'000
		(Restated)
The amount comprises:		
Hong Kong Profits Tax	7,088	4,103
Taxation arising in other jurisdictions	248,875	189,588
	<u>255,963</u>	<u>193,691</u>
Deferred taxation		
Charge for the period	8,892	6,639
	<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.



7. Interim dividend

The Directors have resolved to declare an interim dividend for the six months ended 30 June 2011 of

10. Trade and other receivables and prepayments and bills receivables

	30 June 2011	31 December 2010
	HK\$000	(HK\$000)
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:

	30 June 2011	31 December 2010
	HK\$000	(HK\$000)
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.

11. Trade and other payables and bills payable

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

	30 June 2011	31 December 2010
		HK\$000 (HK\$000)
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 payable of the Group are aged within 90 days at the end of the reporting period.

1. These share options are exercisable only from the date of grant until 22 March 2019 with the maximum number of shares entitled to be subscribed by each grantee as follows: (a) up to 25% of the total number of shares subject to the share options from 21 March 2011 to 22 March 2019 ("Lot 1"); (b) additional 25% of the total number of shares subject to the share options from 21 March 2012 to 22 March 2019 ("Lot 2"); (c) additional 25% of the total number of shares subject to the share options from 21 March 2013 to 22 March 2019 ("Lot 3"); and (d) remaining 25% of the total number of shares subject to the share options from 21 March 2014 to 22 March 2019 ("Lot 4").
2. The closing price of the Company's shares quoted on the Stock Exchange immediately before the granting date is HK\$39.55.
3. The weighted average closing price of the Company's shares quoted on the Stock Exchange immediately before the various exercise dates is HK\$42.20.

The estimated fair value of the share options granted during the period under the Scheme as at the date of grant was HK\$242,535,149, which was calculated using the Black-Scholes option pricing model with the following parameters and assumptions:

	Lo 1	Lo 2	Lo 3	Lo 4
Stock price (HK\$)	40.680	40.680	40.680	40.680
Exercise price (HK\$)	40.700	40.700	40.700	40.700
Risk free rate (%)	1.459	1.623	1.785	1.918
Expected option period (years)	4.004	4.505	5.005	5.505
Expected volatility (%)	33.028	33.028	33.028	33.028
Expected dividend yield (%)	3.200	3.625	3.250	3.593

Expected option period (years)



(8) 2002 ELEC & ELTEK EMPLOYEES' SHARE OPTION SCHEME (THE "2002 EEIC SCHEME")

The 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 EEIC Scheme") which was adopted from 12 November 2002 for the duration of 5 years, had been terminated in November 2007 without affecting the rights of holders of any options granted and outstanding under the 2002 EEIC Scheme.

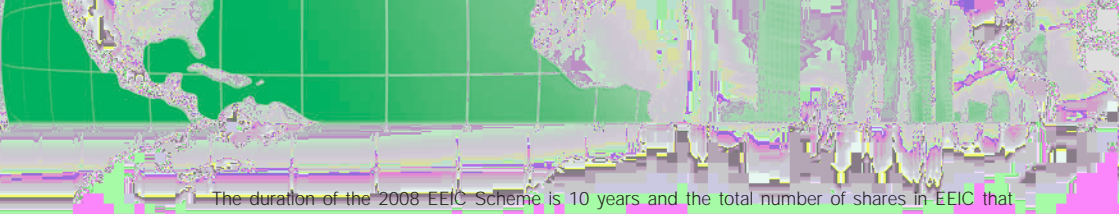
EEIC has since 1997, had in place share option schemes to acknowledge the contributions of and to motivate employees to contribute to EEIC and its subsidiaries ("EEIC Group"). With the expiration of the 2002 EEIC Scheme, the directors of EEIC wished to have in place a new share option scheme to replace the expired 2002 EEIC Scheme for the purpose of providing an opportunity for employees who have contributed significantly to the growth and performance of the EEIC Group to participate in the equity of EEIC so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services as well as to align the interests of employees with the interests of shareholders.

The 2008 Elec & Eltek Employees' Share Option Scheme (the "2008 EEIC Scheme") was approved by the shareholders of EEIC at the extraordinary general meeting held on 21 April 2008 and was adopted and took effect from 9 May 2008 upon approval by the shareholders of the Company.

The 2008 EEIC Scheme which shall be administered by the committee of directors of EEIC as authorised by EEIC's directors, is open to full-time employees and directors of any company within the EEIC Group, the parent group and of an associated company of EEIC, subject to certain conditions being satisfied.

The 2008 EEIC Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in EEIC either at an "Exercise Price", which equals to the average of the last dealt prices for an EEIC share for a period of 5 consecutive market days immediately preceding the relevant date of grant, or at a discount to the Exercise Price as defined earlier, whereby the discount shall not exceed 20% of the Exercise Price.

Options granted at the Exercise Price or at a discount to the Exercise Price may be exercised after the first or second anniversary respectively of the date of grant and expiring on the fifth anniversary of the date of grant.



The duration of the 2008 EEIC Scheme is 10 years and the total number of shares in EEIC that may be issued shall not exceed 10% of the total number of EEIC shares in issue as at the adoption date or subject to certain conditions being satisfied, 15% of the total issued shares of EEIC excluding treasury shares (if any) from time to time. The total number of EEIC shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of EEIC shares in issue from time to time.

Share options may be accepted within 30 days after the relevant date of grant accompanied by



(X) 2007年5月18日及2007年6月25日，本公司及KLHL的股東分別批准了KLHL的股權激勵計劃（“KLHL計劃”）。

The share option scheme of KLHL (the “KLHL Scheme”) was approved by the shareholders of KLHL and the shareholders of the Company on 18 May 2007 and 25 June 2007 respectively. The KLHL Scheme has taken effect after obtaining the approval from the Listing Committee of the Stock Exchange on 6 July 2007.

The KLHL Scheme would be valid for a period of 10 years. The directors of KLHL may, at its discretion, grant options to subscribe for shares in KLHL to eligible participants who contribute to the long-term growth and profitability of KLHL and include (i) any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of

The total number of shares of KLHL issued and to be issued upon exercise of the options granted (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the share capital of KLHL then in issue unless approved by the shareholders of KLHL and the Company in general meetings.

Details of the share options granted by KLHL pursuant to the KLHL Scheme and the share options outstanding as at 30 June 2011 were as follows:


	N mber of share op ions o s anding as a 31 December 2010	Gran ed d ring he period	N mber of share op ions o s anding as a 30 J ne 2011	Op ion gran da e	E rcise period	E rcise price
Direct ors and emplo ees of KLHL	-	100,000,000	100,000,000	21 Mar 2011	21 Mar 2011 to 17 May 2017 (2011)	6.54
To al	-	100,000,000 (2011)	100,000,000			

~~2011~~

- These share options are exercisable only from the date of grant until 17 May 2017 with the maximum number of shares entitled to be subscribed by each grantee as follows: (a) up to 25% of the total number of shares subject to the share options from 21 March 2011 to 17 May 2017 ("KLHL Lot 1"); (b) additional 25% of the total number of shares subject to the share options from 21 March 2012 to 17 May 2017 ("KLHL Lot 2"); (c) additional 25% of the total number of shares subject to the share options from 21 March 2013 to 17 May 2017 ("KLHL Lot 3"); and (d) remaining 25% of the total number of shares subject to the share options from 21 March 2014 to 17 May 2017 ("KLHL Lot 4").
- The closing price of KLHL's shares quoted on the Stock Exchange immediately before the granting date is HK\$6.30.

The estimated fair value of the share options granted during the period under the KLHL Scheme as at the date of grant was HK\$104,092,742, which was calculated using the Black-Scholes option pricing model with the following parameters and assumptions:

	KLHL Lo 1	KLHL Lo 2	KLHL Lo 3	KLHL Lo 4
S ock price (HK\$)	6.460	6.460	6.460	6.460
E rcise price (HK\$)	6.540	6.540	6.540	6.540
Risk free ra e (%)	1.072	1.283	1.485	1.648
E pec ed op ion period (ears)	3.081	3.582	4.082	4.582
E pec ed ola ili (%)	34.417	34.417	34.417	34.417
E pec ed di idend ield (%)	6.529	6.423	5.613	6.374



Risk free rate was based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary Authority. The expected option period was determined with reference to the KLHL Scheme and information provided by KLHL. The expected volatility was determined by applying the 1-year historical volatility of KLHL as input for option pricing model as extracted from Bloomberg. Expected dividend yield was based on dividend payout of KLHL estimated by Bloomberg.

The estimated fair value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share option reserve.

The Group recognised the total expense of approximately HK\$13,012,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$Nil) in relation to the share options granted by KLHL.

13. Warrants

On 2 March 2010, a bonus issue of warrants ("Warrants") to the shareholders of the Company on the basis of 1 Warrant for every 10 shares held by shareholders of the Company whose names appear on the register of members of the Company on 26 April 2010, was proposed. Consequently, 84,473,904 Warrants were issued, conferring rights to the holders of the Warrants from any time on 5 May 2010 up to 31 October 2012 (both days inclusive) to subscribe for up to an aggregate of 84,473,904 shares of the Company at an initial subscription price of HK\$40 per share (subject to adjustment), representing an aggregate subscription price of approximately HK\$3,378,956,000.

The fair value of equity component of the Warrants was amounted to HK\$675,791,000 based on the quoted price of the Warrants as at the first day of their trading on the Stock Exchange and the amount was transferred from retained profits to warrant reserve as a bonus issue of warrants.

During the six months ended 30 June 2011, 695,542 new shares of the Company were issued on exercise of the Warrants. Exercise in full of the remaining outstanding Warrants would, under the present capital structure, result in the receipt by the Company of approximately HK\$3,347,607,000 in subscription monies and the issue of 83,690,186 new shares of the Company.

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.

	Six months ended 30 June		
	2011	2010	Change
		HK\$'000	
Revenue	18,953.9	16,460.0	+15%
EBITDA	3,713.4	3,632.5	+2%
Profit before a	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%	



In the first quarter of 2011 ("Q1 2011"), demand for laminate products rebounded



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



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





At 30 June 2011, the interests of the Directors, chief executive and their respective associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which (1) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position they were taken or deemed to have under such provisions of the SFO); (2) were recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (3) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

(a) **Directors**

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Wing	Beneficial owner	3,269,675	0.38
Mr. Chan Wing Kwan (陳永權)	Beneficial owner	1,655,250	0.19
Mr. Cheung Kwong Kwan	Beneficial owner	1,968,200	0.23
Mr. Chang Wing Yiu (楊永耀)	Beneficial owner	4,115,274	0.48
Mr. Ho Yin Sang (何雁生)	Beneficial owner	3,767,729	0.44
Mr. Mok Cham Hung, Chadwick (莫錦洪)	Beneficial owner	2,940,000	0.34
Ms. Cheung Wai Lin, Stephanie	Beneficial owner	210,000	0.02

Notes

- Out of the 1,655,250 Shares, 1,595,250 Shares were held by Mr. Chan Wing Kwan and 60,000 Shares were held by his spouse.
- Out of the 4,115,274 Shares, 3,397,074 Shares were held by Mr. Chang Wing Yiu and 718,200 Shares were held by his spouse.
- Out of the 3,767,729 Shares, 2,485,229 Shares were held by Mr. Ho Yin Sang and 1,282,500 Shares were held by his spouse.
- Out of the 2,940,000 Shares, 2,830,000 Shares were held by Mr Mok Cham Hung, Chadwick and 110,000 Shares were held by his spouse.



(X) XXXXX XXXXXX XXXXX XX XXXX (XXXXXX X XXXXXX)

Name of Director	Capacity	In respect of Underlying Shares	
		Number of Share Options	Under the 2009 Scheme
Mr. Cheung Kwok Wing	Beneficial owner	2,800,000	
Mr. Chang Wing Yiu	Beneficial owner	2,600,000	
Mr. Ho Yin Sang (XXX)	Beneficial owner	5,040,000	
Mr. Cheung Kwong Kwan	Beneficial owner	2,600,000	
Mr. Mok Cham Hung, Chadwick	Beneficial owner	2,600,000	
Ms. Cheung Wai Lin, Stephanie	Beneficial owner	2,600,000	

XXX Out of the 5,040,000 Share Options, 2,600,000 Share Options were held by Mr. Ho Yin Sang and 2,440,000 Share Options were held by his spouse.

(X) XXXXXX XXXXX XX XXXX (X XXXXXX)

Name of Director	Capacity	In respect of Underlying Shares	
		Number of Warrants	Under the 2009 Scheme
Mr. Cheung Kwok Wing	Beneficial owner	165,222	
Mr. Chan Wing Kwan (XXX)	Beneficial owner	139,000	

Mr. Ho Yin Sang held 139,000 Warrants under the 2009 Scheme, of which 79,780 Warrants were held by his spouse, Ms. Cheung Wai Lin.



(b) 根據《證券及期貨條例》第336條，本公司董事及高級人員須申報其於本公司股份及債券中擁有或控制的權益。本公司董事及高級人員的申報如下：

Name of Director	Capacity	Number of non-voting deferred shares held (in thousands)
Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chan Wing Kwan	Beneficial owner	1,481,200
Mr. Cheung Kwong Kwan	Beneficial owner	846,400
Mr. Ho Yin Sang	Beneficial owner	529,000

Other than as disclosed above, none of the Directors, chief executive nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2011 which (1) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position they were taken or deemed to have under such provisions of SFO); (2) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (3) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as is known to any Directors or chief executive of the Company, as at 30 June 2011, shareholders who had interests or short positions in the shares or underlying shares of the Company which were disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, other than the interests disclosed above in respect of certain Directors, were as follows:

☒☒☒ ☒☒☒☒☒

Name of shareholder	Nature of interest	Number of Shares underlying Warrants	Number of Shares held	Approximate percentage of the issued share capital of the Company
Hallgain Management Limited ("Hallgain") (☒☒☒)	Beneficial owner	25,969,292	266,485,579	31.18
Capital Research and Management Company	Investment manager	–	85,351,244	9.99
FMR LLC	Investment manager	–	50,755,000	5.94
Value Partners Limited	Investment manager	–	42,970,500	5.03

☒☒☒☒ As at 30 June 2011: (i) no shareholder of Hallgain is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at general meetings of Hallgain, and Hallgain and its directors are not accustomed to act in accordance with any shareholder's direction; and (ii) Messrs. Cheung Kwok Wing and Chan Wing Kwan, being Directors, are also directors of Hallgain.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2011 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



Share repurchases and redemptions of listed securities

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.

Review of accounting principles and practices

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



Board of Directors:

何耀光 區錦棠

Mr. Cheung Kwok Wing (何耀光) 區錦棠

Mr. Cheung Kwong Kwan

Mr. Chang Wing Yiu

Mr. Ho Yin Sang

Ms. Cheung Wai Lin, Stephanie

Mr. Mok Cham Hung, Chadwick

Mr. Chen Maosheng

陳維冠 區錦棠

Mr. Chan Wing Kwan

鄭偉基 區錦棠

Mr. Cheng Wai Chee, Christopher

Mr. Henry Tan

Mr. Lai Chung Wing, Robert

Mr. Tse Kam Hung