





RESULTS

Our operating profit (before tax) for the period ended 30 June 2010 was HK\$16,401,754 (US\$2,490,000) compared with HK\$12,852,661 (US\$1,900,000) for the corresponding period ended 30 June 2009. The increase in operating profit was mainly due to the increase in sales volume and the decrease in selling and distribution expenses.

Condensed Consolidated Income Statement

Note	Summarised 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Revenue	16,401,754	15,001,000
Cost of sales	(12,852,661)	(12,800,000)
Operating profit	3,549,093	2,201,000
Finance income	147,424	122,000
Finance expense	(429,137)	(233,000)
Administrative expenses	(746,215)	(2,000,000)
Share of profit of associates		1,120,000
Profit before tax	(87,999)	(1,121,000)
Income tax expense	90,779	11,000
Profit after tax	(2,765)	(1,010,000)
Profit attributable to equity holders of the Company	2,521,180	1,210,000
Minority interest	(200,330)	(100,000)
Profit attributable to the Company	2,320,850	1,110,000
Profit attributable to the Company, excluding the share of profit of associates	1,780,371	90,000
Minority interest	540,479	20,000
Profit attributable to the Company, excluding the share of profit of associates and minority interest	2,320,850	1,110,000
Basic earnings per share	HK\$2.108	\$1.1
Diluted earnings per share	HK\$2.087	\$1.1



Condensed Consolidated Statement of Comprehensive Income

	Si mē h ē ded 30 Jū e	
	2010 HK\$'000 (U a di ed)	2009- HK\$'000 (U n ē di ed)
U d i t i e s	2,320,850	1,1 , 1
U t e r i e s		
U t e r i e s f r o m o p e r a t i o n s		
U t e r i e s f r o m s a l e s		
U t e r i e s f r o m s a l e s	(35,760)	(, 1)
U t e r i e s f r o m s a l e s o f i n v e n t o r i e s	5,065	()
U t e r i e s f r o m s a l e s o f i n v e n t o r i e s	59,667	, 2
U t e r i e s f r o m o p e r a t i o n s		
U t e r i e s f r o m o p e r a t i o n s	159,277	10 , 9-
U t e r i e s f r o m o p e r a t i o n s	(46,771)	2 , 2
U t e r i e s f r o m o p e r a t i o n s		
U t e r i e s f r o m o p e r a t i o n s	219,904	2 , 10
U t e r i e s f r o m o p e r a t i o n s (n e t)	361,382	21 , 02
U t e r i e s f r o m o p e r a t i o n s	2,682,232	1, 0 9-1
U t e r i e s f r o m o p e r a t i o n s		
U t e r i e s f r o m o p e r a t i o n s	2,105,722	1, 9 - , 20
U t e r i e s f r o m o p e r a t i o n s	576,510	20 ,
U t e r i e s f r o m o p e r a t i o n s	2,682,232	1, 0 9-1



Condensed Consolidated Statement of Financial Position

	Note	30 June 2010 HK\$'000 (Unaudited)	30 June 2009 HK\$'000 (Audited)
Investment property		1,434,845	1,200,000
Property, plant and equipment	9	17,587,515	18,000,000
Intangible assets		924,785	20,000
Goodwill		2,288,149	2,100,000
Deferred tax assets		502,376	50,000
Accounts receivable		1,367,567	1,200,000
Prepaid expenses and other receivables		5,345	110
Inventory		386,418	11,000
Other receivables		310	22
Other assets		32,607	33,000
Total non-current assets		24,529,917	28,100,000
Current assets		4,073,962	4,000,000
Accounts payable		3,720,557	1,000,000
Accounts receivable	10	7,714,676	2,200,000
Other receivables	10	1,470,717	1,200,000
Prepaid expenses and other receivables		22,557	22,000
Inventory		304	300
Other receivables		5,710	2,000
Other assets		5,175,161	2,200,000
Total current assets		22,183,644	12,100,000
Current liabilities		5,596,844	5,000,000
Accounts payable	11	1,148,659	1,200,000
Accounts receivable	11	457,946	1,000,000
Other payables		3,511,969	3,000,000
Total current liabilities		10,715,418	9,200,000
Net current assets		11,468,226	2,900,000
Total assets		35,998,143	30,000,000
Equity		51,215	1,000
Reserves		103,046	1,000,000
Accounts receivable		8,052,670	8,000,000
Total equity		8,206,931	9,001,000
Liabilities		27,791,212	21,000,000
Accounts payable		84,474	1,000
Accounts receivable		22,935,970	21,000,000
Accounts receivable		23,020,444	21,000,000
Accounts receivable		1,744	1,000
Accounts receivable		4,769,024	4,000,000
Accounts receivable		27,791,212	21,000,000



A b i l e v e f h e C o r p o r a t i o n

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Share reserve HK\$'000	Hedging reserve HK\$'000	Provision for doubtful debts HK\$'000	Provision for employee benefits HK\$'000	Taxation HK\$'000	Retained profits HK\$'000	Shareholders' funds HK\$'000	Non-current assets HK\$'000	Total HK\$'000
At 1st July 2009	2,000	800	1,111	10,200	8,020	(1112)	112	(1,220)	1,220	1,028	1,028	1,811	2,000	18,201
Issue of shares											1,000	1,000	20,000	1,000
Share repurchase											(1,000)	(1,000)	(1,000)	(1,000)
Share premium											2,000	2,000		2,000
Capital reserve											(800)	(800)		(800)
General reserve											18,200	18,200		18,200
Special reserve											2,000	2,000		2,000
Share reserve											2,000	2,000		2,000
Taxation											20,000	20,000		20,000
Retained profits											1,028	1,028		1,028
Non-current assets														2,000
Total														18,201

At 31st December 2010	2,000	800	1,111	10,200	8,020	(1112)	112	(1,220)	1,220	1,028	1,028	1,811	2,000	18,201
Issue of shares											1,000	1,000	20,000	1,000
Share repurchase											(1,000)	(1,000)	(1,000)	(1,000)
Share premium											2,000	2,000		2,000
Capital reserve											(800)	(800)		(800)
General reserve											18,200	18,200		18,200
Special reserve											2,000	2,000		2,000
Share reserve											2,000	2,000		2,000
Taxation											20,000	20,000		20,000
Retained profits											1,028	1,028		1,028
Non-current assets														2,000
Total														18,201





2. Reserve

The following table sets out the breakdown of the Group's reserves and provisions as at the end of the reporting period, and the changes therein during the reporting period.

	Statement of Financial Position as at 30 June	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Retained profits	5,283,196	4,080,180
Share premium account (Note 12)	4,538,290	4,010,110
Reserves for contingencies	6,208,530	2,922,200
Provisions (Note 13)	371,738	28,000
	<u>16,401,754</u>	<u>11,040,500</u>

Note: All amounts are in Hong Kong dollars. The Group's registered office is in Hong Kong. The Group's principal place of business is in the People's Republic of China. The Group's functional currency is the Hong Kong dollar. The Group's reporting currency is the US dollar.



3. Segment financial information

The following table shows the segment financial information for the year ended 31 December 2010:

	Land reclamation	PCB	Chemical	Others	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue for the year ended 31 December 2010						
Land reclamation	5,283,196	4,538,290	6,208,530	371,738		16,401,754
Others	1,570,566		369,393	6,458	(1,946,417)	
Total	<u>6,853,762</u>	<u>4,538,290</u>	<u>6,577,923</u>	<u>378,196</u>	<u>(1,946,417)</u>	<u>16,401,754</u>
Cost of sales						
Land reclamation	1,549,942	497,680	498,479	28,280		2,574,381
Others						
Depreciation and amortisation						89,319
Impairment losses						(142,535)
Gain on disposal of subsidiaries						(87,999)
Finance income						90,779
Finance costs						(2,765)
Income tax						2,521,180
Share of profit of subsidiaries						(200,330)
Profit before tax						<u>2,320,850</u>
Income tax						
Profit for the year						



5. **Other income**

11,980,000
11,980,000

Si m h e ded 30 J e

2010
HK\$'000
(U a di ed)

2009
HK\$'000
(U n d i ed)

Table with 2 columns: 2010 HK\$'000 (U a di ed) and 2009 HK\$'000 (U n d i ed). The table content is mostly blank.



本公司之附屬公司，截至2010年12月31日止，其附屬公司之詳情如下：

0.0-

91.10-

100.10-

30 June
2010
HK\$'000
(Unaudited)

4,617,527
819,751
55,641

1.000.000
200.000
HK\$'000
(Audited)

1.000.000
21,000.000
0,100.000



Amounts are stated in thousands of US dollars, unless otherwise indicated.

	Year ended December 31,	Year ended December 31,	Total
Provision for doubtful accounts	\$1,000	\$227,000	\$228,000

Note: The provision for doubtful accounts for the year ended December 31, 2012 is \$228,000, which is the same as the provision for doubtful accounts for the year ended December 31, 2011. The provision for doubtful accounts for the year ended December 31, 2012 is \$1,000, which is the same as the provision for doubtful accounts for the year ended December 31, 2011.

The provision for doubtful accounts is stated in thousands of US dollars.

(b) Employee health and pension scheme of Elec & Elek International Company Limited ("EEIC")



... 2010, ... () ...

... 2010, ... \$1. ...

... 10% ...

... 0% ...

... 12- ... 1% ...

... 2010, ...

13. Wa'a

... 2010, ... \$0 ... \$10.

... 2010, ... \$, ... 200 ...



14. **Contingent liabilities**

The Group did not have any contingent liabilities as at 31 December 2010.

31 December 2010 HK\$'000 (Audited)	1 December 2009 HK\$'000 (Audited)
367,075	3,181

15. **Related party transactions**

The Group had the following related party transactions during the reporting period:

	Summarised 31 December	
	2010 HK\$'000 (Audited)	2009 HK\$'000 (Audited)
Interest on bank borrowings from related parties	177,938	1,111
Interest on bank borrowings from independent third parties	19,665	2,000
Interest on bank borrowings from independent third parties	146,297	12,181
Interest on bank borrowings from independent third parties	58,080	-
Interest on bank borrowings from independent third parties	166,634	-

The Group had the following related party transactions during the reporting period: \$1,111,000 (1.12.2009) \$1,111,000



Financial Highlights

	Six months ended 30 June		Change
	2010 HK\$ million	2009 HK\$ million	
Revenue	16,401.8	15,900.1	+ 2%
EBITDA	3,632.5	3,218.1	+ 13%
Profit before tax	2,521.2	1,211.1	+100%
Net attributable to shareholders	1,780.4	1,611.1	+ 11%
Basic earnings per share	HK\$2.108	HK\$1.911	+ 11%
Diluted earnings per share	HK\$2.035	HK\$1.811	+ 13%
Dividend per share	24%	22%	+ 2%
Net available cash	HK\$27.3	HK\$26.1	+ 5%
Net gearing	23%	22%	+ 5%

Performance

Revenue increased by 2% to HK\$16,401.8 million in the first half of 2010, mainly due to the increase in sales volume of the main products. EBITDA increased by 13% to HK\$3,632.5 million, reflecting the increase in sales volume and the improvement in operating leverage. Profit before tax increased by 100% to HK\$2,521.2 million, mainly due to the increase in sales volume and the improvement in operating leverage. Net attributable to shareholders increased by 11% to HK\$1,780.4 million, reflecting the increase in profit before tax and the decrease in tax expense. Basic earnings per share increased by 11% to HK\$2.108, and diluted earnings per share increased by 13% to HK\$2.035. Dividend per share increased by 2% to 24%.

Net available cash increased by 5% to HK\$27.3 million, reflecting the increase in profit before tax and the decrease in tax expense. Net gearing increased by 5% to 23%, reflecting the increase in net available cash and the decrease in total debt. The increase in net available cash was mainly due to the increase in sales volume and the improvement in operating leverage.

Yield to maturity of the debt portfolio increased by 1% to 5.1% in the first half of 2010, reflecting the increase in the yield to maturity of the debt portfolio. The increase in yield to maturity was mainly due to the increase in the yield to maturity of the debt portfolio.



APPRECIATION

At the end of the reporting period, the Company's financial position is strong, with a solid balance sheet and a healthy cash flow. The Company's performance has been excellent, and we are confident that our strategy will continue to drive growth and value creation for our shareholders.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF WARRANTHOLDERS

The Company's Register of Members and Register of Warrantholders will be closed from 20th October 2010 to 22nd October 2010 (inclusive) for the purpose of the Company's 2010 Annual General Meeting. During this period, no new shares or warrants will be registered in the Register of Members or Register of Warrantholders. The Company's Register of Members and Register of Warrantholders will be open for inspection from 23rd October 2010 to 25th October 2010 (inclusive) at the Company's registered office.

DIRECTORS' INTERESTS IN SHARES

As at the end of 2010, the directors' interests in the Company's shares are as follows:

(a) Long position

(a) Ordinary shares of HK\$0.10 each of the Company ("Shares")

Name of Director	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. [Name]	Director	1,000	0.12
Mr. [Name] (Nee 1)	Director	1,000	0.12
Mr. [Name] (Nee 2)	Director	1,000	0.12
Mr. [Name] (Nee 3)	Director	2,000	0.24
Mr. [Name]	Director	10,000	1.20



Note:

(1) Audited: 1,002,000; Unaudited: 1,020,200; Difference: 18,200

(2) Audited: 200; Unaudited: 200,000; Difference: 199,800

(3) Audited: 2,212; Unaudited: 1,202; Difference: 1,010

(b) Share Option of the Company ("Share Option")

Name of Director	Capacity	Value of Unvested Share Option of the 2002 Scheme
Mr. [Name]	[Capacity]	9,000
Mr. [Name] Y.U.	[Capacity]	9,000
Mr. [Name] (None)	[Capacity]	2,200
Mr. [Name] U.A.	[Capacity]	1,100

Note: Audited: 2,200; Unaudited: 200,000; Difference: 197,800



Note:

- (1) 1,000,000 shares of HK\$0.10 each (102,021 shares of the Company) of the Company.
- (2) 1,000,000 shares of HK\$0.10 each (2,000,000 shares of the Company) of the Company.
- (3) 1,000,000 shares of HK\$0.10 each (102,211 shares of the Company) of the Company.

(d) Ordinary shares of HK\$0.10 each ("KLHL Shares") in KLHL

Name of Director	Capacity	Number of KLHL Shares held	Aggregate percentage of KLHL Shares held
Mr. Yip Yiu-chung	Director	1,000	0.001
Mr. Yip Yiu-chung (Note 1)	Director	100,000	0.00
Mr. Yip Yiu-chung (Note 2)	Director	100,000	0.00
Mr. Yip Yiu-chung (Note 3)	Director	0,000	0.01
Mr. Yip Yiu-chung	Director	0,000	0.02

Note:

- (1) 100,000 shares of the Company.
- (2) 100,000 shares of the Company.
- (3) 0,000 shares of the Company.

(e) Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminae Limited, a non-holding subsidiary of the Company

Name of Director	Capacity	Number of Non-voting deferred Shares held (Note)
Mr. Yip Yiu-chung	Director	10,000
Mr. Yip Yiu-chung	Director	1,120
Mr. Yip Yiu-chung	Director	0
Mr. Yip Yiu-chung	Director	2,000
Mr. Yip Yiu-chung	Director	2,200

Note: 1. The number of shares held by the directors is based on the information provided by the directors to the Company.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, the substantial shareholders of the Company are as follows:

Long position

Of the shareholding of HK\$0.10 each of the Company

Name of shareholder	Name of the shareholder	Number of Shares held	Percentage of the Company's share capital
China National Chemical Engineering Group Corporation (Note)	中國石化集團有限公司	2,200,000	1.00%
China National Petroleum Chemical Corporation	中國石化集團有限公司	9,900,000	10.00%
China National Petroleum Corporation	中國石化集團有限公司	2,000,000	2.00%
China National Petroleum Chemical Corporation	中國石化集團有限公司	2,000,000	2.00%

Note: As at 30 June 2010, (i) China National Chemical Engineering Group Corporation, China National Petroleum Chemical Corporation and China National Petroleum Corporation are all wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council; and (ii) China National Petroleum Chemical Corporation is a wholly owned subsidiary of China National Petroleum Corporation.

All the substantial shareholders of the Company are natural persons as at 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the reporting period of 2010, the Company has not purchased, sold or redeemed any of its listed securities.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors, Mr. Ugo De Biasi, Mr. Ugo De Biasi, Mr. Ugo De Biasi and Mr. Ugo De Biasi. The Audit Committee is responsible for reviewing the Company's financial statements for 2010.



COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Kingboard Chemical Holdings Limited (the "Company") is pleased to announce that the Company has fully complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") contained in the Appendix to the Listing Rules of the Stock Exchange of Hong Kong Limited (the "SEHK") in 2010. The Company has also fully complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") contained in the Appendix to the Listing Rules of the SEHK in 2010.

The Company has also fully complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") contained in the Appendix to the Listing Rules of the SEHK in 2010. The Company has also fully complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") contained in the Appendix to the Listing Rules of the SEHK in 2010.

Kingboard Chemical Holdings Limited
Cheung Koon Wing
Chairman

20 August 2010

Board of Directors:

Executive Directors

- ▲ Mr. Cheung Koon Wing (Chairman)
- ▲ Mr. Alan Tang (Managing Director)
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang

Independent non-executive Directors

- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang
- ▲ Mr. Alan Tang