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KB	**KB**
KINGBOA D CHEMICAL HOLDING LIMI ED	**KINGBOA D LAMINA E HOLDING LIMI ED**
建 化工集團*	**建 積層板控股有限公司**
(Incorporated in the Cayman Islands with limited liability)	*(Incorporated in the Cayman Islands with limited liability)*
(C : 148)	**(C : 1888)**

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* *For identification purpose only*

KINGBOA D COPPE FOIL HOLDING LIMI ED
FINANCIAL A EMEN AND DI IDEND ANNO NCEMEN FO HE PE IOD ENDED J NE 30, 2011

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1( ) **A s ( ) s s .**

	G 3 s J 30, 2011 *HK$'000*	J 30, 2010 *HK$'000*	% C
Revenue	940,842	967,312	-2.74%
Cost of sales	(899,492)	(889,598)	1.11%
Gross profit	41,350	77,714	-46.79%
Other operating income	2,377	2,421	-1.82%
Distribution costs	(11,623)	(11,211)	3.67%
Administrative expenses	(15,380)	(13,825)	11.25%
Other operating expenses	(649)	(1,788)	-63.70%
Finance costs – interest expenses paid to non-related			

,lE5.ales87488)524468(8788)2-3943.1436.11%)TJEsq 1 0 0 1 277.7935584.49 cm 0 0 m

Profit for the period has been arrived at after (crediting) charging:

	G 3 s J 30, 2011 *HK$'000*	J 30, 2010 *HK$'000*	% C
Other operating income including interest income	(2,377)	(2,421)	-1.82%
Gain on fair value changes from derivative financial instruments	–	(304)	-100.00%
Interest on bank borrowings	2,874	187	1436.90%
Depreciation of property, plant and equipment	44,965	47,523	-5.38%
Amortisation of prepaid land use rights	256	255	0.39%

	G		C	
	As J 30, 2011	As D 31, 2010	As J 30, 2011	As D 31, 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
LIABILI IE AND EQ I				
C s:				
Due to a subsidiary	–	–	1,765	2,645
Bank borrowings	462,955	133,104	–	–
Bills payable	40,927	41,329	–	–
Trade and other payables	202,236	160,063	18	754
Derivative financial instruments	–	33,493	–	–
Income tax payable	13,871	19,126	38	38
Total current liabilities	719,989	387,115	1,821	3,437
C s s - s s:				
Issued capital	560,200	560,200	560,200	560,200
Reserves	2,155,007	2,064,886	719,596	727,032
Equity attributable to owners of the Company	2,715,207	2,625,086	1,279,796	1,287,232
Non-controlling interests	32,281	29,457	–	–
Total equity	2,747,488	2,654,543	1,279,796	1,287,232
s	**3,467,477**	**3,041,658**	**1,281,617**	**1,290,669**

1 ( ) A ’s s s.

Amount repayable in one year or less, or on demand

As J 30, 2011		As D 31, 2010	
	s		**s**
HK$’000	*HK$’000*	*HK$’000*	*HK$’000*
–	462,955	–	133,104

Amount repayable after one year

As J 30, 2011		As D 31, 2010	
	s		**s**
HK$’000	*HK$’000*	*HK$’000*	*HK$’000*
–	–	–	–

Details of any collateral

Not applicable.

1( ) A s s s ( ), s s .

	3 s	
	J 30, 2011	**J 30, 2010**
	HK$’000	*HK$’000*
C s s s:		
Profit before tax	13,201	53,124
Adjustments for:		
Depreciation of property, plant and equipment	44,965	47,523
Amortisation of prepaid land use rights	256	255
Gain on fair value changes from derivative financial instruments	–	(304)
Interest expenses	2,874	187
Loss on disposal of property, plant and equipment	515	353
Interest income	(648)	(812)

	3 months ended	
	June 30, 2011	**June 30, 2010**
	HK$'000	*HK$'000*
Operating cash flow before movements in working capital	61,163	100,326
Trade and other receivables and prepayments	117,137	21,998
Bills receivable	(96,697)	17,732
Inventories	90,032	(32,979)
Trade and other payables	(15,446)	(5,494)
Bills payable	4,977	(14,317)
Cash generated from operations	161,166	87,266
Income tax paid	(9,861)	(10,582)
Dividend paid	(7,225)	(7,225)
Interest paid	(2,874)	(187)
Interest received	648	812
Net cash generated from operating activities	141,854	70,084
Investing activities:		
Interests in an associate	(30,000)	–
Purchase of property, plant and equipment	(9,580)	(17,126)
Net cash used in investing activities	(39,580)	(17,126)
Financing activities:		
New bank borrowings raised	462,955	196,846
Repayment of bank borrowings	(498,855)	(279,356)
Net cash used in financing activities	(35,900)	(82,510)
Net increase (decrease) in cash and bank balances	66,374	(29,552)
Cash and bank balances at the beginning of the period	294,201	394,346
Effects of exchange rate changes on cash and bank balances held in foreign currencies	(857)	713
Cash and bank balances at the end of the period	359,718	365,507

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	G		C	
	3 s		3 s	
	J 30, 2011	**J 30, 2010**	**J 30, 2011**	**J 30, 2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) for the period	10,561	48,899	(133)	(690)
Other comprehensive income:				
Exchange difference arising on translation of foreign operations	27,326	14,823	–	–
Total comprehensive income				

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	Iss		C s s	P s	C s s	A		N- s s	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
G									
Second quarter 2011 ("Q2 2011")									
Balance at April 1, 2011	560,200	296,573	6,275	7,225	386,584	1,429,150	2,686,007	30,819	2,716,826
Total comprehensive income for the period	–	–	–	–	26,925	9,500	36,425	1,462	37,887
Final dividend paid	–	–	–	(7,225)	–	–	(7,225)	–	(7,225)
Balance at June 30, 2011	560,200	296,573	6,275	–	413,509	1,438,650	2,715,207	32,281	2,747,488
Second quarter 2010 ("Q2 2010")									
Balance at April 1, 2010	560,200	296,573	6,275	7,225	301,526	1,257,290	2,429,089	25,177	2,454,266
Total comprehensive income for the period	–	–	–	–	14,621	47,849	62,470	1,252	63,722
Final dividend paid	–	–	–	(7,225)	–	–	(7,225)	–	(7,225)
Proposed interim dividend	–	–	–	7,225	–	(7,225)	–	–	–

1( )( ) D [illegible]

There was no change in the Company's issued share capital for the 3 months' period ended June 30, 2011.

1( )( ) [illegible]

[illegible]	As J 30, 2011 '000	As D 31, 2010 '000	As J 30, 2011 HK$'000	As D 31, 2010 HK$'000
	N [illegible] $0.10			
Authorised	2,000,000	2,000,000	1,550,000	1,550,000
Issued and fully paid	722,500	722,500	560,200	560,200

1( )( ) A [illegible]

Not applicable.

2 [illegible]

The figures have not been audited or reviewed by our auditors.

3 [illegible]

Not applicable.

4 [illegible]

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements for the year ended December 31, 2010.

5 [illegible]

Not applicable.

6 [illegible]

	3 [illegible] A[illegible] 1, 2011 – J[illegible] 30, 2011	3 [illegible] A[illegible] 1, 2010 – J[illegible] 30, 2010
Based on the weighted average number of ordinary shares in issue	1.31 HK cents	6.62 HK cents
On a fully diluted basis	1.31 HK cents	6.62 HK cents

7 [illegible]

( ) [illegible]

( ) [illegible]

	G[illegible] J[illegible] 30, 2011	G[illegible] D[illegible] 31, 2010	C[illegible] J[illegible] 30, 2011	C[illegible] D[illegible] 31, 2010
Net asset value per ordinary share based on issued share capital at the end of the period reported on	375.81 HK cents	363.33 HK cents	177.13 HK cents	178.16 HK cents

On behalf of the Board of Directors, I am pleased to present the financial results of Kingboard Copper Foil Holdings Limited ("the Company") and its subsidiaries (together with the Company, "the Group") for the second quarter of 2011 ("Q2 2011"). Supply chain disruption as a result of component shortage, which was one of the negative impacts by Japan earthquake in March 2011, has dampened the demand for copper foil products in Q2 2011. Shipment volume for copper foil products declined 16% against the second quarter of 2010 ("Q2 2010"). Despite rising raw copper spot price which surged by 30% in Q2 2011 against previous year, average selling price ("ASP") for copper foil products increased 15% against Q2 2010 against a backdrop of weak market demand. As a result, turnover declined 3% to HK$940.8 million. The Group experienced significant margin pressure in Q2 2011 driven by high raw material input cost, high operating cost in China, softer order momentum as well as lower capacity utilisation. Gross profit margin dropped to 4% in Q2 2011. Net profit reduced to HK$9.5 million. As the Group faces uncertainties in the business outlook, no interim dividend will be declared for the current quarter.

Orders from laminate and printed circuit board (PCB) division of our parent group softened in Q2 2011. Meanwhile sales to external customers accounted for 14% of total sales (Q2 2010: 10%). In terms of product mix, 18-micron and below thickness copper foil accounted for 35% of the total sales (Q2 2010: 29%) while 35-micron and above thickness copper foil accounted for 65% (Q2 2010: 71%).

Our financial position continued to be solid. As at June 30 2011, net current assets and current ratio were approximately HK$1,492.6 million and 3.1 respectively. Current assets mainly comprised cash and bank balances of HK$359.7 million, trade and other receivables and prepayments of HK$605.0 million, bills receivable of HK$422.1 million and inventories were HK$824.8 million. Near the quarter end, our interests in the unquoted equity interests in Linkfit Investments Holdings Limited, a private company incorporated in Samoa increased from 11.34% to 21.57%. Accordingly, this investment has been reclassified as interests in an associate at the quarter end. The unquoted equity shares were stated at fair value at the end of reporting period.

Distribution costs in Q2 2011 increased 4% to approximately HK$11.6 million against Q2 2010 as a result of higher fuel cost. Administrative expenses surged by 11% to HK$15.4 million driven by high operating and labour cost in the People Republic o(agai☒na (he) “PRC”). InQ2 20101, fellowsurbsidiaris s(agur) parent group

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(c) *Date Payable*

Not applicable.

(d) *Books closure date*

Not applicable.

12 **I s / , s .**

No dividend has been proposed or declared for the 3 months' period ended June 30, 2011.

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13 **s s s ss s s ( ) s ss 's s s s, .**

Not applicable.

14 **I , s s s s ss s s.**

Not applicable.

15 **A s s.**

Not applicable.

16 **A ( ) ss 's s s s .**

	L s F *HK$'000*	**P s F** *HK$'000*
Ordinary	–	–
Preference	–	–
Total	–	–

Not applicable.

17 I s P s s s P s 920(1)( )( ) L s M .

Aggregate value of interested person transactions entered from April 1, 2011 to June 30, 2011.

N s s	A s s s s (s s ss $100,000 s s s' s 920) HK$'000	A s s s s s' s 920 (s s ss $100,000) HK$'000
Chung Shun Laminates (MCO) Limited	297	468,112
Kingboard Laminates (Kunshan) Company Limited	–	98,865
Kingboard Laminates (Jiangmen) Company Limited	–	52,393
Kunshan Yattao Chemical Co. Ltd.	–	50,839
Techwise (MCO) Circuits Limited	–	11,671
Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Co., Ltd.	–	10,671
Guangzhou Elec & Eltek Microvia Technology Co., Ltd.	–	772
Elec & Eltek (MCO) Limited	–	49,416
Shenzhen Pacific Insulating Material Co., Ltd.	–	53,952
Huizhou Chung Shun Chemical Co., Ltd.	–	1,739
Kaiping Pacific Insulating Material Co., Ltd.	–	3,254
Kai Ping Elec & Eltek Company Limited	–	3,946
Kaiping Elec & Eltek No. 3 Company Limited	–	6,910
Total	297	812,540

Note: All the above named companies are subsidiaries of Kingboard Chemical Holdings Limited, which is listed on the main board of The Stock Exchange of Hong Kong Limited and is the ultimate holding company of Kingboard Copper Foil Holdings Limited.

Confirmation by the Board

We, CHEUNG KWOK PING and LAM KA PO being two directors of Kingboard Copper Foil Holdings Limited, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q2 2011 financial results to be false or misleading in all material aspects.

On behalf of the board of directors
Kingboard Copper Foil Holdings Limited

Cheung Kwok Ping	**Lam Ka Po**
Director	*Director*”

BY ORDER OF THE BOARD　　　BY ORDER OF THE BOARD