

Letter to Shareholders

A year of consolidation

At the end of 2006, the net asset value of Lee Hing shares was HK\$5.66, which was up 19.2 percent from the close of 2005. By comparison the Hang Seng Index was up 34.2 percent.

During the year, we disposed of various investments and at year end 2006, we had net short term liquidity of HK\$193 million.

Amanresorts, our biggest investment, lost HK\$77 million. The court case against Amanresorts will be heard sometime this year in Singapore.

Sources of reported profits

The following table shows the main sources of our operating profit:—

	2006 (HK\$ Million)	2005 (HK\$ Million)
Continuing operations		
Operating profit:—		
Profit on sales of listed shares	24.5	70.9
Dividend income	16.4	7.7
Interest income	26.2	19.2
Others	1.1	1.8
	<u>68.2</u>	<u>99.6</u>
Corporate expenses – finance costs	(1.7)	(2.0)
– others	<u>(12.0)</u>	<u>(11.8)</u>
Operating profit	54.5	85.8
Provision for impairment losses on associates	(17.8)	(86.0)
Unrealised gain on investments held for trading purpose	<u>9.9</u>	<u>2.6</u>
Operating profit after finance costs	<u><u>46.6</u></u>	<u><u>2.4</u></u>
Discontinued operation		
Profit for the year from discontinued operation	<u><u>4.2</u></u>	<u><u>11.5</u></u>

Letter to Shareholders (Cont'd)

Listed shares

Below we present our holdings in listed shares with a market value of more than HK\$30 million at 31 December 2006:—

	Original investment cost (HK\$ Million)	Market value (HK\$ Million)
Malaysia		
Gold IS Berhad	67.1	66.3
Padiberas Nasional Berhad	<u>213.6</u>	<u>295.9</u>
	<u>280.7</u>	<u>362.2</u>

Looking forward

This will be year of further consolidation.

Tan Boon Seng
Chairman

Hong Kong, 25 April 2007