

LEE HING DEVELOPMENT LIMITED

Interim Report 2007

The Board of Directors of Lee Hing Development Limited announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 as follows:–

Condensed Consolidated Profit and Loss Account

for the six months ended 30 June 2007

	Note	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Continuing operations			
Turnover	3	<u>40,735</u>	<u>30,212</u>
Revenue and income	3	<u>32,357</u>	<u>23,169</u>
Operating expenses		<u>(5,819)</u>	<u>(4,864)</u>
Operating profit before finance costs	4	<u>26,538</u>	<u>18,305</u>
Finance costs		<u>(61)</u>	<u>(860)</u>
Operating profit after finance costs		<u>26,477</u>	<u>17,445</u>
Share of results of associates		<u>1,017</u>	<u>33,049</u>
Profit before taxation		<u>27,494</u>	<u>50,494</u>
Taxation	5	<u>636</u>	<u>(99)</u>
Profit for the period from continuing operations		<u>28,130</u>	<u>50,395</u>
Discontinued operation			
Profit for the period from discontinued operation		<u>–</u>	<u>2,564</u>
Profit for the period		<u>28,130</u>	<u>52,959</u>
Attributable to:			
Equity holders of the Company		<u>28,144</u>	<u>56,898</u>
Minority interests		<u>(14)</u>	<u>(3,939)</u>
		<u>28,130</u>	<u>52,959</u>
Interim dividend	6	<u>2,133</u>	<u>2,133</u>
Earnings per share (HK cents)			
From continuing and discontinued operations	7	<u>13.19</u>	<u>26.67</u>
From continuing operations		<u>13.19</u>	<u>25.47</u>

Condensed Consolidated Balance Sheet

as at 30 June 2007

	Note	30.6.2007 HK\$'000 (Unaudited)	31.12.2006 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		3,262	3,413
Leasehold land		13,794	13,802
Associates		177,901	165,577
Investments		724,954	658,044
Other non-current assets		138,776	138,776
		<u>1,058,687</u>	<u>979,612</u>
Current assets			
Held for trading investments		107,006	38,885
Other assets		295	295
Debtors, deposits and prepayments	8	8,215	1,407
Time deposits and bank balances		294,643	363,953
		<u>410,159</u>	<u>404,540</u>
Current liabilities			
Creditors, deposits and accruals	9	2,622	5,076
Notes payable	10	142,879	171,455
Other payable		348	348
Provision for taxation		–	636
		<u>145,849</u>	<u>177,515</u>
Net current assets		<u>264,310</u>	<u>227,025</u>
Net assets		<u>1,322,997</u>	<u>1,206,637</u>
Equity			
Share capital	11	213,336	213,336
Reserves		1,065,632	950,481
Proposed dividend		2,133	2,134
Equity attributable to equity holders of the Company		<u>1,281,101</u>	<u>1,165,951</u>
Minority interests		41,896	40,686
Total equity		<u>1,322,997</u>	<u>1,206,637</u>

Condensed Consolidated Statement of Changes in Equity

	Share capital	Capital redemption reserve	Share premium	Capital reserve	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Retained profit	Proposed dividend	Equity attributable to equity holders	Minority interests	Total equity
										of the Company		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2007	215,336	134,881	316,006	53,585	119,402	87,264	(23,441)	202,784	2,134	1,165,951	40,686	1,206,637
Realised on disposals of available-for-sale listed investments	—	—	—	—	(6,233)	—	—	—	(6,233)	—	(6,233)	—
Fair value changes	—	—	—	—	—	81,712	—	—	—	81,712	—	81,712
Share of associate's reserve	—	—	—	—	9,695	—	3,966	—	—	13,661	1,224	14,885
Income and expense recognised directly in equity	—	—	—	—	9,695	75,479	3,966	—	—	89,140	1,224	90,364
Profit for the period	—	—	—	—	—	—	—	28,144	—	28,144	(14)	28,130
Total recognised income and expense for the period	—	—	—	—	9,695	75,479	3,966	28,144	—	117,284	1,210	118,494
2006 final dividend	—	—	—	—	—	—	—	(2,134)	(2,134)	—	—	(2,134)
2007 interim dividend	—	—	—	—	—	—	—	(2,133)	2,133	—	—	—
	—	—	—	—	9,695	75,479	3,966	26,011	(1)	115,150	1,210	116,360
At 30.6.2007	215,336	134,881	316,006	53,585	129,097	162,743	(19,475)	288,795	2,133	1,281,101	41,896	1,322,997
At 1.1.2006	215,336	134,881	316,006	53,585	40,355	(1,401)	(391)	213,022	2,133	971,726	41,970	1,013,696
Realised on disposals of available-for-sale listed investments	—	—	—	—	—	376	—	—	—	376	—	376
Fair value changes	—	—	—	—	—	23,067	—	—	—	23,067	—	23,067
Share of associate's reserve	—	—	—	—	34,873	—	(29,444)	—	—	5,429	485	5,914
Income and expense recognised directly in equity	—	—	—	—	34,873	23,443	(29,444)	—	—	28,872	485	29,357
Profit for the period	—	—	—	—	—	—	—	56,898	—	56,898	(3,939)	52,959
Total recognised income and expense for the period	—	—	—	—	34,873	23,443	(29,444)	56,898	—	85,770	(3,454)	82,316
2005 final dividend	—	—	—	—	—	—	—	(2,133)	(2,133)	—	—	(2,133)
2006 interim dividend	—	—	—	—	—	—	—	(2,133)	2,133	—	—	—
	—	—	—	—	34,873	23,443	(29,444)	54,765	—	83,637	(3,454)	80,183
At 30.6.2006	215,336	134,881	316,006	53,585	75,428	22,042	(29,835)	267,787	2,133	1,055,363	38,516	1,093,879

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2007

	2007 HK\$'000 (Unaudited)	2006 HK\$'000 (Unaudited)
Net cash flow from (used in):		
Operating activities		
Surplus on disposals of discontinued operation	–	(2,135)
Other cash used in operating activities	(53,605)	(3,983)
	<u>(53,605)</u>	<u>(6,118)</u>
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Investing activities		
Net proceeds on disposals of discontinued operation	–	30,135
Other cash from investing activities	27,056	18,802
	<u>27,056</u>	<u>48,937</u>
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Financing activities	(30,709)	(28,478)
	<u>-----</u>	<u>-----</u>
Net (decrease) increase in cash and cash equivalents	(57,258)	14,341
Cash and cash equivalents at beginning of period	<u>336,309</u>	<u>232,642</u>
Cash and cash equivalents at end of period	<u>279,051</u>	<u>246,983</u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	294,643	297,352
Bank deposits pledged to banks	(15,592)	(50,369)
	<u>279,051</u>	<u>246,983</u>
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Notes to Condensed Financial Statements

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in compliance with Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules) and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006 except as described in note 2 below.

2. Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (HKFRSs, which also include Hong Kong Accounting Standards (HKASs) and Interpretations) that are effective for accounting periods beginning on or after 1 January 2007:

HKAS 1 (Amendments)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the above new and revised HKFRSs has no material impact on these condensed consolidated financial statements.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

		Effective for accounting periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007
HK(IFRIC)-Int 12	Service Concession Arrangements	1 January 2008

3. Segment reporting

(a) Business segments

The Group comprises the following business segment:

Share investment and dealing – investments in listed and unlisted securities, purchases and sales of listed securities

	Continuing operations		Discontinued operation		Consolidated account	
	Share investment and dealing		Property investment			
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue						
Turnover	40,735	30,212	-	422	40,735	30,634
Revenue and income	32,357	23,169	-	2,564	32,357	25,733
Segment results	26,538	18,305	-	2,564	26,538	20,869
Finance costs					(61)	(860)
Share of results of associates					1,017	33,049
Profit before taxation					27,494	53,058
Taxation					636	(99)
Profit for the period					28,130	52,959
Attributable to:						
Equity holders of the Company					28,144	56,898
Minority interests					(14)	(3,939)
					28,130	52,959

(b) Geographical segments

Over 90% of the Group's revenue is derived from operations carried out in Hong Kong.

4. Operating profit before finance costs

	2007 HK\$'000	2006 HK\$'000
From continuing operations		
Operating profit before finance costs is stated after charging (crediting):		
Depreciation	151	152
Directors' emoluments	2,243	2,191
Amortisation of leasehold land	8	8
Loss on disposals of property, plant and equipment	1	–
Exchange loss (gain)	340	(909)
Interest income	(6,613)	(6,051)
Interest income – financial instrument with embedded derivative	(6,714)	(6,349)
Gain on disposals of available-for-sale listed investments	(6,435)	(1,027)
Gain on disposals of held for trading listed investments	(61)	(263)
Unrealised gain on held for trading investments	(12,435)	(3,965)

5. Taxation

	2007 HK\$'000	2006 HK\$'000
Current tax relating to continuing operations		
Company and subsidiaries		
Overprovision in prior periods	636	–
Overseas taxation	–	(99)
	<u>636</u>	<u>(99)</u>

Overseas taxation represents withholding tax on dividend income received by the Group from overseas available-for-sale investments.

6. Interim dividend

	2007 HK\$'000	2006 HK\$'000
Interim dividend proposed – 1 HK cent per share (2006: 1 HK cent per share)	<u>2,133</u>	<u>2,133</u>

7. Earnings per share

From continuing and discontinued operations

The calculation of earnings per share is based on profit attributable to equity holders of the Company of HK\$28,144,000 (2006: HK\$56,898,000) and the 213,336,285 shares (2006: 213,336,285 shares) of HK\$1 each in issue during the period.

From continuing operations

The calculation of earnings per share from continuing operations attributable to the equity holders of the Company is based on the following information:

	2007 HK\$'000	2006 HK\$'000
Profit for the period attributable to equity holders of the Company	28,144	56,898
Profit for the period from discontinued operation	—	(2,564)
	<u>28,144</u>	<u>(2,564)</u>
Profit for the purpose of earnings per share from continuing operations	<u>28,144</u>	<u>54,334</u>

The denominators used are the same as those detailed above for earnings per share from continuing and discontinued operations.

From discontinued operation

For the six months ended 30 June 2006, earnings per share for discontinued operation was 1.20 HK cents which was calculated based on the profit for the period from discontinued operation of HK\$2,564,000. The denominators used are the same as those detailed above for earnings per share from continuing and discontinued operations.

8. Debtors, deposits and prepayments

The Group maintains a defined credit policy on its trade debtors.

	30.6.2007	31.12.2006
	HK\$'000	HK\$'000
Trade debtors		
Below 30 days	3,923	717
Over 91 days	3,317	–
Other debtors, deposits and prepayments	975	690
	<u>8,215</u>	<u>1,407</u>

Trade debtors included interest receivable of HK\$6,714,000 (31.12.2006: nil) from financial instrument with embedded derivative.

9. Creditors, deposits and accruals

	30.6.2007	31.12.2006
	HK\$'000	HK\$'000
Trade creditors	–	–
Other creditors, deposits and accruals	2,622	5,076
	<u>2,622</u>	<u>5,076</u>

10. Notes payable

	30.6.2007	31.12.2006
	HK\$'000	HK\$'000
Notes payable	<u>142,879</u>	<u>171,455</u>
Repayment period		
Within one year	<u>142,879</u>	<u>171,455</u>

11. Share capital

	30.6.2007	31.12.2006
	HK\$'000	HK\$'000
Authorised		
Ordinary shares of HK\$1 each	<u>410,000</u>	<u>410,000</u>
Issued and fully paid		
Ordinary shares of HK\$1 each	<u>213,336</u>	<u>213,336</u>

12. Contingent liabilities

(a) During the period, guarantee given by the Group in respect of banking facilities available to an associate was released and discharged by the bank.

(b) Pending litigation

On 18 November 2005, a writ of summons was issued against Silverlink Holdings Limited (“Silverlink”), an associate, and Argent Holdings Ltd. (“Argent”), a subsidiary, by Rockline Limited (“Rockline”) and Superon International Limited (“Superon”) in the High Court of the Republic of Singapore, alleging breaches of an agreement in that: (i) Rockline claimed that Silverlink has agreed to repurchase shares held by Rockline in Silverlink in exchange for a secured convertible note in the principal amount of US\$11.1 million (HK\$87 million) (“Rockline Note”) to be issued by Silverlink; and (ii) Superon claimed that Argent has agreed to repurchase its shares from Superon; and Silverlink has agreed to simultaneously repurchase its shares from Argent, and to issue a secured convertible loan in the principal amount of US\$6.4 million (HK\$50 million) to Superon’s nominee (“the First Action”). Both Silverlink and Argent filed defence with the court. On 4 August 2006, Rockline was granted summary judgement against Silverlink and the Rockline Note was signed by the court on 18 August 2006. On 14 September 2006, Silverlink successfully appealed against the decision to grant judgement in favour of Rockline and was granted leave to defend the claim by Rockline on the condition that a sum of US\$1.5 million (HK\$12 million), being the interest payable on the Rockline Note, be paid into the court as security within 21 days from 14 September 2006.

On 30 January 2007, leave was granted by the court to join Schroder Venture Managers Inc. (“SVMI”) and Anchor Victory Limited (“Anchor Victory”) as third party to the action. Subsequent to the joining of SVMI and Anchor Victory, each of Silverlink and Argent has filed amended defence and counterclaim and the parties have completed the exchange of pleadings and has commenced discovery.

On 19 June 2007, Rockline, Superon, Asia Atlas Limited (“Asia Atlas”) and Schroder Asian Property Managers Limited issued a writ of summons against Silverlink and Argent and certain other parties in the High Court of the Republic of Singapore, alleging, among others that Silverlink and Argent have breached the Silverlink shareholders’ agreement dated 13 March 1993 in failing to appoint the nominee of Asia Atlas to the board of Silverlink resulting in the failure by (i) Argent to repurchase its shares from Superon; and (ii) Silverlink to simultaneously repurchase its shares from Argent, as allegedly agreed. Argent has filed a defence and is in the course of seeking appropriate legal advice as to how to handle the claim so as to best protect its interest given that the gist of the action and the remedies sought against Argent is similar to those in the First Action.

13. Pledge of assets

The Group pledged leasehold land and building, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of HK\$523,000,000 (31.12.2006: HK\$402,000,000) as security for banking facilities extended to the Group in the sum of HK\$51,200,000 (31.12.2006: HK\$81,200,000).

During the period, the Group’s shares in an associate pledged as part of the security for bank loans available to the associate were released and discharged by the bank.

14. Related party transactions

Details of material transactions are as follows:

- (a) Advances of HK\$141,379,000 (31.12.2006: HK\$141,379,000) were provided by the Group to associates.
- (b) Directors’ emoluments are disclosed in note 4.
- (c) As mentioned in note 12, guarantee given by the Group in respect of banking facilities available to an associate was released and discharged by the bank.
- (d) As mentioned in note 13, the Group’s shares in an associate pledged as part of security for bank loans available to the associate were released and discharged by the bank.

15. Events after the balance sheet date

- (a) As announced on 17 July 2007, the Group paid an amount of HK\$138 million to the holder of the Notes in settlement of the outstanding amount of HK\$142.8 million of Notes payable as at 30 June 2007. The redemption resulted in a gain of approximately HK\$4.8 million.
- (b) On 28 August 2007, the Company received a conditional irrevocable offer from New World Hotels (Holdings) Limited (formerly known as NWD (Hotels Investments) Limited) (“NWHL”), a substantial shareholder of the Company, to procure the sale to the Company of the 54,500,000 shares owned by Keep Silver Investments Limited (“Keep Silver”), a wholly-owned subsidiary of NWHL, representing NWHL’s entire interests in the Company and approximately 25.55% of the existing issued share capital of the Company, at a total consideration of HK\$163.5 million, representing HK\$3 per share. Such consideration will be satisfied in full by the transfer and assignment by the Group of its shares in and loan to Ichiban Properties Limited and Higrade Properties Limited, an associate and an available-for-sale investment of the Group, to Keep Silver and/or its nominee. Such disposals will result in a gain of approximately HK\$5 million.
- (c) As announced on 18 September 2007, the Group commenced discussion with an independent third party in related to the possible disposals of its interest in Silverlink Holdings Limited (the “Possible Transaction”). The Group holds 56% of the issued share capital of Silverlink Holdings Limited and has 37.736% participation rights under a US\$79.5 million Note issued by Silverlink Holdings Limited. The Possible Transaction is still at a preliminary stage and may or may not be consummated.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current period’s presentation.

Interim Dividend

The Directors have declared an interim dividend of 1 HK cent per share for the year ending 31 December 2007 (2006: 1 HK cent per share) payable to shareholders registered on 18 October 2007. Dividend warrants will be posted to shareholders by 25 October 2007.

Closure of Register of Members

The Register of Members will be closed from 16 October to 18 October 2007, both days inclusive, during which period no transfer of shares will be registered. To ensure their entitlement to the interim dividend, shareholders are reminded to lodge their transfers not later than 4:00 p.m. on Monday, 15 October 2007 with Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.

Management Discussion and Analysis

Results for the period

The Group recorded HK\$41 million turnover in the six months ended 30 June 2007, a 35% increase as compared with the last corresponding period. The increase was largely attributable to the increase in sales of available-for-sale investments and held for trading investments .

Profit attributable to equity holders of the Company was HK\$28 million, a decrease of HK\$29 million as compared with HK\$57 million in the last corresponding period. The decrease was mainly due to the decrease in Group's share of profit of associates.

Business review

The Group is principally engaged in share investment and dealing.

During the period under review, the Group's turnover was largely attributable to sales of shares of IGB Corporation Berhad of HK\$15 million which generated a profit of HK\$6 million. In 2007, the Group acquired shares in Padiberas Nasional Berhad with cost of HK\$68 million. The Group believes that this investment will generate considerable income in the future.

Financial resources and liquidity

The Group's total borrowings were HK\$143 million at the period end.

The Group's borrowings represented Notes issued for the repurchase of its own shares as announced on 19 November 2003. With respect to the interest rate structure of the borrowings, the interest rates were at 1% per annum and at 3% per annum during the extension period.

The gearing ratio of the Group was 11%. The computation is based on total borrowings of the Group divided by equity attributable to equity holders of the Company as at 30 June 2007.

The Notes were redeemed by the Group in July 2007.

Charges on Group's assets

The Group's leasehold land and buildings, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of approximately HK\$523 million have been pledged to banks to secure banking facilities granted to the Group.

During the period, the Group's shares in an associate pledged as part of the security for bank loans available to the associate were released and discharged by the bank.

Contingent liabilities

Details of contingent liabilities are shown in note 12 to the condensed financial statements.

Significant investments

The Group had interests in Gold IS Berhad and Padiberas Nasional Berhad, companies listed in Malaysia. The market values of the investments as at 30 June 2007 were HK\$114 million and HK\$405 million respectively.

The Group also had interests in 37.736% participation rights under a US\$79.5 million Note issued by Silverlink Holdings Limited with carrying values of HK\$265 million. Interest income from the Note amounted to HK\$7 million during the period.

Material acquisitions and disposals

During the period, the Group disposed of listed shares with carrying value of HK\$14 million in IGB Corporation Berhad at consideration of HK\$15 million.

The Group also acquired listed shares with the cost of HK\$68 million in Padiberas Nasional Berhad.

Employees

As at 30 June 2007, the Group's number of staff was 8. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.

Events after the balance sheet date

Details of significant events after the balance sheet date are shown in note 15 to the condensed financial statements.

Continuing Obligation

Details of advances given to and guarantees given for banking facilities granted to affiliated companies as at 30 June 2007, which in aggregate exceeded the relevant percentage ratio of 8% under Chapter 13 of the Listing Rules are as follows:

Affiliated companies	Approximate percentage of equity held by Group	Balance of advances	Guarantees given	Extent of guaranteed facilities utilised	Aggregate of advances and guarantees given
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Ichiban Properties Limited	50%	136,486	-	-	136,486
Phil Inc.	20%	2,044	-	-	2,044
Double Golden Sdn. Bhd.	50%	2,368	-	-	2,368
Start Hold Limited	33%	481	-	-	481

The above affiliated companies are associates of the Group. The advances were arose from the ordinary course of business of the Group and were unsecured, non-interest bearing and with no fixed term of repayment.

Pursuant to the continuing disclosure requirements under Chapter 13 of the Listing Rules, the combined balance sheet of the affiliated companies and the attributable interest of the Group in the affiliated companies as at 30 June 2007 are disclosed as follows:

Combined balance sheet of affiliated companies

	Combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets	256,699	123,089
Current assets	127,681	57,931
Current liabilities	(4,372)	(896)
Non-current liabilities	(284,600)	(139,000)
Net assets	<u>95,408</u>	<u>41,124</u>

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2007, the Directors' interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, are as follows:

Directors	No. of ordinary shares			Total	Percentage holding
	Personal interests	Family interests	Corporate interests		
Mr. Tan Boon Seng	900,000	2,991,000 (iii) (iv)	52,340,000 (i) (ii) (v)	56,231,000	26.36
Mr. Ang Guan Seng	-	-	-	-	-
Mr. Ho Hau Chong, Norman	-	-	-	-	-
Mr. Yeung Chik Kin	225,800	-	-	225,800	0.11
Mr. Fung Ka Pun	-	-	-	-	-
Mr. Chan Kai Kwok	-	-	-	-	-
Mr. Seow Yung Liang, Richard (vi)	-	-	-	-	-
Mr. Ashish Jaiprakash Shastry (vi)	-	-	-	-	-

Notes:

- (i) Wah Seong Enterprises Sdn. Bhd. held 2,100,000 shares. Mr. Tan Boon Seng has beneficial interests in this company.
- (ii) HK 1 Limited held 14,386,000 shares. Mr. Tan Boon Seng has beneficial interest in this company.
- (iii) TYMS Limited held 2,981,000 shares. This company is beneficially owned by Mr. Tan Boon Seng's children and Mr. Tan Boon Seng acts as trustee for his children.
- (iv) The wife of Mr. Tan Boon Seng held 10,000 shares.
- (v) Zali Capital Limited held 35,854,000 shares. Mr. Tan Boon Seng has beneficial interest in this company.
- (vi) Mr. Seow Yung Liang, Richard and Mr. Ashish Jaiprakash Shastry were resigned as Non-executive Directors effective from 17 July 2007.

One nominee share in each of Lee Hing Investment Company Limited and Wang Tak Company Limited which are both subsidiaries of the Company were held by Mr. Tan Boon Seng in trust for the Company or its subsidiaries.

Save as mentioned above, no Directors held an interest in the share capital of the Company's subsidiaries.

As at 30 June 2007, no right was granted to or exercised by any Director of the Company or his spouse or children under 18 years of age to subscribe for equity or debt securities of the Company or any of its associated corporations.

Substantial Shareholders

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2007 the Company had been notified of the following interests in the Company's shares:

	No. of ordinary shares	Percentage holding
Tan Boon Seng	56,231,000 (i)	26.36
New World Hotels (Holdings) Limited (formerly known as NWD (Hotels Investments) Limited)	54,500,000 (ii)	25.55
Petaling Garden (S) Pte. Limited	29,006,000 (iii)	13.60

Notes:

- (i) The 56,231,000 shares are held as to 900,000 shares by Mr. Tan Boon Seng, as to 10,000 shares by the wife of Mr. Tan Boon Seng, as to 2,100,000 shares by Wah Seong Enterprises Sdn. Bhd., as to 14,386,000 shares by HK 1 Limited, as to 2,981,000 shares by TYMS Limited and as to 35,854,000 shares by Zali Capital Limited. Wah Seong Enterprises Sdn. Bhd., HK 1 Limited and Zali Capital Limited are beneficially owned by Mr. Tan Boon Seng. TYMS Limited is beneficially owned by the children of Mr. Tan Boon Seng and Mr. Tan Boon Seng acts as trustee for his children.
- (ii) The interest of New World Hotels (Holdings) Limited (64% owned by New World Development Co. Ltd. and 36% owned by Chow Tai Fook Enterprises Ltd.) was held through its wholly-owned subsidiary, Keep Silver Investments Limited.
- (iii) The interest of Petaling Garden (S) Pte. Limited (54% owned by Hoe Seng Company Pte. Limited) was held through its wholly-owned subsidiaries, Chiefyear Development Limited and Manifold Investments Pte. Limited.

Purchase, Sale and Redemption of Listed Securities

The Company has not redeemed any of its shares during the period. Neither the Company nor its subsidiary has purchased or sold any of the Company's shares during the period.

Review of Interim Report

The unaudited interim report of the Group for the six months ended 30 June 2007 has been reviewed by the Audit Committee of the Company.

Code on Corporate Governance Practices

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, except for the following deviations from code provisions A.2.1 and A.4.1.

Code provision A.2.1

Under code provision A.2.1, the roles of the Chairman and Chief Executive Officer (CEO) are required to be separated and not be performed by the same individual. During the reporting period, Mr. Tan Boon Seng acted as an Executive Director, Chairman and Managing Director (equivalent to CEO in this case). This constitutes a deviation from code provision A.2.1. The reason for such deviation is set out below.

The arrangement under which the roles of an Executive Director, Chairman and Managing Director are performed by the same individual is the extension of the Company's existing corporate governance model. It has been considered beneficial at the present stage as it helps to maintain the continuity of the Company's policies and the stability of the Company's operations, as well as to enhance the management of the Company.

Code provision A.4.1

Under code provision A.4.1, Non-executive Directors should be appointed for a specific term and be subject to re-election. None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1. The reason for such deviation is set out below.

According to the Articles of Association of the Company, one-third of the Directors (Executive and Non-executive) will retire from the office by rotation at each annual general meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the code.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2007.

By Order of the Board
Chan Kai Kwok
Secretary

Hong Kong, 27 September 2007

As at the date hereof, the Board of Directors of the Company comprises six Directors, of which two are Executive Directors, namely Mr. Tan Boon Seng and Mr. Chan Kai Kwok, one is Non-executive Director, namely, Mr. Ang Guan Seng and three are Independent Non-executive Directors, namely, Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Yeung Chik Kin.