



LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 68

Interim Report 2009

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 2009 as follows:–

Condensed Consolidated Income Statement

for the six months ended 30 June 2009

	Note	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Turnover	3	<u>42,760</u>	<u>29,994</u>
Revenue and income		22,521	21,864
Net gain on disposal of a subsidiary	5	–	462,641
Net gain on disposal of an associate		–	1,128
Unrealised gain (loss) on held for trading investments		44,879	(144,552)
Operating expenses		<u>(5,210)</u>	<u>(33,931)</u>
Operating profit before finance costs	6	62,190	307,150
Finance costs	7	<u>(1,651)</u>	<u>(371)</u>
Operating profit after finance costs		60,539	306,779
Share of results of associates		<u>(14)</u>	<u>50</u>
Profit before taxation		60,525	306,829
Taxation	8	<u>(332)</u>	<u>(97)</u>
Profit attributable to owners of the Company		<u>60,193</u>	<u>306,732</u>
Earnings per share (HK cents)			
Basic and diluted	10	<u>39.11</u>	<u>194.69</u>

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2009

		2009	2008
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit attributable to owners of the Company		<u>60,193</u>	<u>306,732</u>
Other comprehensive income			
Available-for-sale investments: net movements in investment revaluation reserve	9	329,895	(107,120)
Realisation of reserves upon disposal of a subsidiary: net movements in property revaluation reserve and translation reserve	9	<u>—</u>	<u>(109,622)</u>
Other comprehensive income for the period, net of tax		<u>329,895</u>	<u>(216,742)</u>
Total comprehensive income attributable to owners of the Company		<u>390,088</u>	<u>89,990</u>

Condensed Consolidated Statement of Financial Position

as at 30 June 2009

	Note	30.6.2009 HK\$'000 (Unaudited)	31.12.2008 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		2,779	2,851
Leasehold land		13,762	13,770
Associates		3,738	3,752
Investments	12	1,057,976	692,432
Other non-current assets		2,290	2,290
		<u>1,080,545</u>	<u>715,095</u>
Current assets			
Held for trading investments	13	176,390	151,881
Other assets		295	295
Debtors, deposits and prepayments	14	601	1,964
Time deposits and bank balances		246,092	256,432
		<u>423,378</u>	<u>410,572</u>
Current liabilities			
Bank loan	15	276,844	282,309
Creditors, deposits and accruals	16	10,477	6,558
Other payable		348	348
		<u>287,669</u>	<u>289,215</u>
Net current assets		<u>135,709</u>	<u>121,357</u>
Net assets		<u>1,216,254</u>	<u>836,452</u>
Equity			
Share capital	17	153,163	154,024
Reserves		1,055,433	674,727
Proposed dividend		7,658	7,701
Total equity		<u>1,216,254</u>	<u>836,452</u>

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2009

	Capital redemption reserve		Share premium	Capital reserve	Property revaluation reserve	Investment revaluation reserve	Translation reserve	Retained profit	Proposed dividend	Equity attributable to owners of the Company		Non-controlling interests	Total equity
	HK\$'000	HK\$'000								HK\$'000	HK\$'000		
At 1.1.2009	154,024	194,193	316,006	53,585	-	(327,156)	-	438,099	7,701	836,452	-	-	836,452
Total comprehensive income for the period	-	-	-	-	-	329,895	-	60,193	-	390,088	-	-	390,088
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	-	(1,724)	-	(1,724)	-	-	(1,724)
2008 final dividend	-	-	-	-	-	-	-	-	(7,701)	(7,701)	-	-	(7,701)
2009 interim dividend	-	-	-	-	-	-	-	(7,658)	7,658	-	-	-	-
Repurchase of shares	(861)	-	-	-	-	-	-	-	-	(861)	-	-	(861)
Transfer to capital redemption reserve upon share repurchases	-	861	-	-	-	-	-	(861)	-	-	-	-	-
	(861)	861	-	-	-	-	-	(10,243)	(43)	(10,286)	-	-	(10,286)
At 30.6.2009	153,163	195,054	316,006	53,585	-	2,739	-	488,049	7,658	1,216,254	-	-	1,216,254
At 1.1.2008	158,647	189,570	316,006	53,585	129,097	165,938	(19,475)	238,158	7,932	1,239,458	49,533	1,288,991	
Total comprehensive income for the period	-	-	-	-	(129,097)	(107,120)	19,475	306,732	-	89,990	(49,533)	40,457	
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	-	(8,483)	-	(8,483)	-	-	(8,483)
2007 final dividend	-	-	-	-	-	-	-	-	(7,831)	(7,831)	-	-	(7,831)
2008 interim dividend	-	-	-	-	-	-	-	(7,712)	7,712	-	-	-	-
Repurchase of shares	(2,390)	-	-	-	-	-	-	-	-	(2,390)	-	-	(2,390)
Transfer to capital redemption reserve upon share repurchases	-	2,390	-	-	-	-	-	(2,390)	-	-	-	-	-
	(2,390)	2,390	-	-	-	-	-	(18,585)	(119)	(18,704)	-	-	(18,704)
At 30.6.2008	156,257	191,960	316,006	53,585	-	58,818	-	526,305	7,813	1,310,744	-	-	1,310,744

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2009

	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from (used in) operating activities	36,869	(878,832)
Net cash (used in) from investing activities	(3,627)	572,903
Net cash used in financing activities	<u>(12,774)</u>	<u>(18,704)</u>
Net increase (decrease) in cash and cash equivalents	20,468	(324,633)
Cash and cash equivalents at beginning of the period	20,915	57,159
Effect of foreign exchange rate changes	<u>(2)</u>	<u>(9,111)</u>
Cash and cash equivalents at end of the period	<u>41,381</u>	<u>(276,585)</u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	246,092	316,605
Bank loan	–	(340,204)
Bank deposits pledged to banks	<u>(204,711)</u>	<u>(252,986)</u>
	<u>41,381</u>	<u>(276,585)</u>

NOTES

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 (“HKICPA”).

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 2008 except for as described in note 2 below.

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

The HKICPA has issued 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 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in Subsidiary, Jointly Controlled Entity and Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs 2008

The adoption of the above new and revised HKFRSs has no material impact on these condensed consolidated financial statements except for as described below:

HKAS 1 (Revised) has introduced a number of terminology changes and has resulted in changes in the presentation and disclosures. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 39 (Amendment)	Eligible Hedged Items	1 July 2009
HKFRS 1 (Revised)	First-time Adoption of HKFRSs	1 July 2009
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters	1 January 2010
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions	1 January 2010
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners	1 July 2009
HK(IFRIC)-Int 18	Transfers of Assets from Customers	#
HKFRSs (Amendments)	Improvements to HKFRSs 2008	@
HKFRSs (Amendments)	Improvements to HKFRSs 2009	*

Effective for transfers on or after 1 July 2009.

@ Amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.

* Effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

3. Turnover

Analysis of the Group's turnover is as follows:

	2009	2008
	HK\$'000	HK\$'000
Sales of held for trading listed investments	28,178	7,968
Sales of available-for-sale unlisted investments	–	1,195
Dividends from listed investments	6,083	1,094
Sales of derivative financial instruments	5,870	921
Interest income on financial assets not at fair value through profit or loss	2,629	7,761
Interest income from unlisted investments	–	11,055
	<u>42,760</u>	<u>29,994</u>

4. Segment reporting

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Managing Director.

The Group determines its operating segments based on the internal reports reviewed by the Managing Director that are used to make strategic decisions.

The Group has one reportable segment: share investment and dealing. Accordingly, no further business segment information is required.

As Group's revenue is mainly derived from operations carried out in Hong Kong, no further geographical segment information is provided.

5. Net gain on disposal of a subsidiary

Net gain represents the gain on disposal of entire interest in a subsidiary, Sinonet Holdings Limited in 2008.

6. Operating profit before finance costs

	2009 HK\$'000	2008 HK\$'000
Operating profit before finance costs is stated after charging (crediting):		
Depreciation	72	152
Directors' emoluments	2,533	2,408
Amortisation of leasehold land	8	8
Exchange loss	52	13,777
Net loss on disposals of available-for-sale unlisted investments	–	6,151
Net gain on disposals of held for trading listed investments	(7,809)	(1,028)
Net gain on derivative financial instruments	(5,870)	(921)
Gain on disposals of property, plant and equipment	–	(2)

7. Finance costs

	2009 HK\$'000	2008 HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss		
Interest on bank loan (wholly repayable within 5 years)	<u>1,651</u>	<u>371</u>

8. Taxation

	2009 HK\$'000	2008 HK\$'000
Company and subsidiaries		
Overseas taxation	<u>332</u>	<u>97</u>

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

9. Other comprehensive income

	2009	2008
	HK\$'000	HK\$'000
Available-for-sale investments		
Changes in fair value recognised during the period	329,895	(113,083)
Reclassification adjustment for amount transferred to profit or loss:		
Loss on disposals	<u>–</u>	<u>5,963</u>
Net movements in investment revaluation reserve during the period recognised in other comprehensive income	<u>329,895</u>	<u>(107,120)</u>
Realisation of reserves upon disposal of a subsidiary		
Reclassification adjustments for amounts transferred to profit or loss:		
Property revaluation reserve	–	(129,097)
Translation reserve	<u>–</u>	<u>19,475</u>
Net movements in property revaluation reserve and translation reserve during the period recognised in other comprehensive income	<u>–</u>	<u>(109,622)</u>

10. Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$60,193,000 (2008: HK\$306,732,000) and the weighted average of 153,903,362 shares (2008: 157,545,038 shares) of HK\$1 each in issue during the period.

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive shares outstanding during the period.

11. Interim dividend

	2009	2008
	HK\$'000	HK\$'000
Interim dividend proposed – 5 HK cents per share (2008: 5 HK cents per share)	<u>7,658</u>	<u>7,712</u>

12. Investments

During the period, the Group acquired available-for-sale investments of approximately HK\$36 million (six months ended 30 June 2008: nil).

During the period, increase in fair value of available-for-sale investments amounted to approximately HK\$330 million (six months ended 30 June 2008: decrease of approximately HK\$113 million).

13. Held for trading investments

During the period, the Group disposed of its investments, including derivative financial instruments at consideration of approximately HK\$34 million (six months ended 30 June 2008: approximately HK\$9 million).

14. Debtors, deposits and prepayments

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

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
Trade debtors		
Below 30 days	399	1,580
Other debtors, deposits and prepayments	<u>202</u>	<u>384</u>
	<u>601</u>	<u>1,964</u>

15. Bank loan

During the period, the Group repaid secured bank loan in a net amount of approximately HK\$5.5 million (including exchange difference). During the six months ended 30 June 2008, a net amount of approximately of HK\$340 million (including exchange difference) of secured bank loan was borrowed.

16. Creditors, deposits and accruals

	30.6.2009	31.12.2008
	HK\$'000	HK\$'000
Trade creditors		
Below 30 days	2,784	–
Other creditors, deposits and accruals	<u>7,693</u>	<u>6,558</u>
	<u>10,477</u>	<u>6,558</u>

17. Share capital

	30.6.2009	31.12.2008
	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		
Balance at beginning of period/year	154,024	158,647
Repurchase of shares	<u>(861)</u>	<u>(4,623)</u>
Balance at end of period/year	<u>153,163</u>	<u>154,024</u>

18. Pledge of assets

The Group pledged its leasehold land and buildings, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of HK\$1,278,000,000 (31.12.2008: HK\$945,000,000) as security for banking facilities extended to the Group in the sum of HK\$722,000,000 (31.12.2008: HK\$722,000,000).

19. Related party transactions

Details of material transactions are as follows:

- (a) Advances of HK\$4,893,000 (31.12.2008: HK\$4,893,000) were provided by the Group to associates.
- (b) Directors' emoluments are disclosed in note 6.

20. 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 5 HK cents per share for the year ending 31 December 2009 (2008: 5 HK cents per share) payable to shareholders registered on 25 September 2009. Dividend warrants will be posted to shareholders by 8 October 2009.

Closure of Register of Members

The Register of Members will be closed from 23 September to 25 September 2009, 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 Tuesday, 22 September 2009 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\$43 million turnover in the six months ended 30 June 2009, an 43% increase as compared with the last corresponding period. The increase was largely attributable to the increase in sales of held for trading investments and dividend income.

Operating expenses were decreased from HK\$34 million to HK\$5 million owing to the decrease in exchange loss and loss on disposals of available-for-sale unlisted investments.

Profit attributable to owners of the Company was HK\$60 million, a decrease of HK\$247 million as compared with HK\$307 million in the last corresponding period. The decrease was mainly due to the decrease in gain on disposal of a subsidiary. In 2008, the Group disposed of its entire interest in a subsidiary, Sinonet Holdings Limited, resulting a gain of approximately HK\$463 million.

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 the sales of shares of PetroChina Company Limited of HK\$28 million and dividend income of HK\$6.1 million. Dividend from Ascott Residence Trust and PetroChina Company Limited amounted to HK\$3.9 million and HK\$2.2 million respectively. In the first half of 2009, the Group acquired shares in Padiberas Nasional Berhad, Gold IS Berhad and units in Ascott Residence Trust with cost of HK\$36 million. The Group believes that these investments will generate considerable income in the future.

Financial resources and liquidity

The Group's total borrowings were HK\$277 million at the period end.

The Group's borrowings represented short term secured bank loan. With respect to the interest rate structure of the borrowings, the interest rate was at 0.5% per annum above the bank's cost of fund.

The gearing ratio of the Group was 23%. The computation is based on total borrowings of the Group divided by equity attributable to owners of the Company as at 30 June 2009.

Charges on Group's assets

The Group pledged its leasehold land and buildings, certain available-for-sale investments, held for trading investments and bank deposits with a total net book value of HK\$1,278 million as security for banking facilities extended to the Group in the sum of HK\$722 million.

Contingent liabilities

At 30 June 2009, the Group had no contingent liabilities but the Company had contingent liabilities in respect of guarantees for banking facilities granted to subsidiaries amounted to HK\$722 million.

Significant investments

The Group had interests in Gold IS Berhad and Padiberas Nasional Berhad, companies listed in Malaysia, Wing Tai Holdings Limited and Ascott Residence Trust, a company and a trust listed in Singapore and PetroChina Company Limited, a company listed in Hong Kong. The market values of the investments as at 30 June 2009 were HK\$104 million, HK\$577 million, HK\$245 million, HK\$62 million and HK\$86 million respectively.

Material acquisitions and disposals

During the period, the Group acquired listed shares/units in Padiberas Nasional Berhad, Gold IS Berhad and Ascott Residence Trust with the cost of HK\$31 million, HK\$4 million and HK\$1 million respectively.

During the period, the Group disposed of its listed shares of PetroChina Company Limited at consideration of HK\$28 million.

Foreign currency exposure

The Group had major investments, bank balances and borrowings denominated in Malaysian Ringgit and Singapore dollars, hence the Group had direct exposure to foreign exchange fluctuation. During the period under review, the Group did not use any foreign currency derivative product to hedge its exposure to currency risk. However, the management managed and monitored the exposure to ensure appropriate measures were implemented on a timely and effective manner.

Employees

As at 30 June 2009, the Group's number of staff was 8. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.

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

As at 30 June 2009, 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 of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Directors	No. of ordinary shares				Percentage holding
	Personal interests	Family interests	Corporate interests	Total	
Mr. Tan Boon Seng	900,000	2,991,000(iii) (iv)	52,340,000(i) (ii) (v)	56,231,000	36.71
Mr. Ho Hau Chong, Norman	-	-	-	-	-
Mr. Yeung Chik Kin	225,800	-	-	225,800	0.15
Mr. Fung Ka Pun	-	-	-	-	-
Mr. Chan Kai Kwok	-	-	-	-	-

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.

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 2009, 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 2009 the Company had been notified of the following interest in the Company's shares:

	<u>No. of ordinary shares</u>	<u>Percentage holding</u>
Tan Boon Seng	56,231,000 (i)	36.71
Petaling Garden (S) Pte. Limited	29,006,000 (ii)	18.94

Notes:

- (i) The 56,231,000 shares were 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 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

During the period, the Company repurchased 861,000 of its own shares on The Stock Exchange of Hong Kong Limited. The particulars of repurchases are as follows:

<u>Month of repurchases</u>	<u>Number of shares</u>	<u>Price per share paid Highest/Lowest</u>	<u>Aggregate price paid</u>
		HK\$	HK\$'000
2009			
April	20,000	2.68/2.60	53
May	8,000	2.78	22
June	833,000	3.03/3.00	2,504
	<u>861,000</u>		<u>2,579</u>

The above-mentioned shares were cancelled upon repurchases and, accordingly, the issued share capital of the Company was diminished by the nominal value of these shares. The premium and brokerage expenses paid on repurchases were charged against retained profit and an amount equivalent to the nominal value of the shares cancelled was transferred from retained profit to the capital redemption reserve account. The repurchases were made for the purpose of enhancing the net asset value per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the period.

Review of Interim Report

The unaudited interim report of the Group for the six months ended 30 June 2009 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 2009, except for 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 2009.

By Order of the Board

Chan Kai Kwok

Secretary

Hong Kong, 19 August 2009

As at the date hereof, the Board of Directors of the Company comprises two Executive Directors: namely Mr. Tan Boon Seng and Mr. Chan Kai Kwok; and three Independent Non-executive Directors: namely Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Yeung Chik Kin.