



LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 68

Interim Report 2011

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 2011 as follows:–

Condensed Consolidated Income Statement

for the six months ended 30 June 2011

	Note	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Turnover	3	<u>1,154,142</u>	<u>331,285</u>
Revenue and income		22,501	89,512
Unrealised gain/(loss) on held for trading investments		28,372	(1,444)
Unrealised gain/(loss) on derivative financial instruments		136	(24,790)
Unrealised gain on financial assets at fair value through profit or loss		6,054	–
Impairment losses on available-for-sale investments		–	(161)
Operating expenses		<u>(7,065)</u>	<u>(6,070)</u>
Operating profit before finance costs	5	49,998	57,047
Finance costs	6	<u>(30)</u>	<u>(40)</u>
Operating profit after finance costs		49,968	57,007
Share of results of associates		<u>(23)</u>	<u>(95)</u>
Profit before tax		49,945	56,912
Income tax	7	<u>(482)</u>	<u>(530)</u>
Profit attributable to owners of the Company		<u>49,463</u>	<u>56,382</u>
Earnings per share (HK cents)	9		
Basic and diluted		<u>32.60</u>	<u>37.03</u>

Details of interim dividend are disclosed in note 10.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011

	2011	2010
	Note	
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	49,463	56,382
Other comprehensive income/(loss)	8	
Available-for-sale investments: net movements in investment revaluation reserve	<u>83,491</u>	<u>(20,386)</u>
Total comprehensive income attributable to owners of the Company	<u><u>132,954</u></u>	<u><u>35,996</u></u>

Condensed Consolidated Statement of Financial Position

as at 30 June 2011

	Note	30.6.2011 HK\$'000 (Unaudited)	31.12.2010 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	74,901	16,341
Associates		3,616	3,639
Available-for-sale investments	12	457,988	285,744
Other non-current assets		2,258	2,258
		<u>538,763</u>	<u>307,982</u>
Current assets			
Held for trading investments	13	308,539	268,441
Financial assets at fair value through profit or loss		345,850	509,779
Other assets		295	295
Accounts receivable, deposits and prepayments	14	28,987	17,451
Time deposits and bank balances		691,756	648,719
		<u>1,375,427</u>	<u>1,444,685</u>
Current liabilities			
Bank borrowings	15	30,825	–
Accounts payable, deposits and accruals	16	16,554	23,808
Derivative financial instruments	17	23,367	10,782
Other payable		348	348
		<u>71,094</u>	<u>34,938</u>
Net current assets		<u>1,304,333</u>	<u>1,409,747</u>
Net assets		<u>1,843,096</u>	<u>1,717,729</u>
Equity			
Share capital	18	151,746	151,746
Reserves		1,683,763	1,558,396
Proposed dividends		7,587	7,587
Total equity		<u>1,843,096</u>	<u>1,717,729</u>

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011

	Share capital HK\$'000	Capital redemption reserve HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profit HK\$'000	Proposed dividend HK\$'000	Total equity HK\$'000
At 1.1.2011	151,746	196,471	316,006	53,585	114,272	878,062	7,587	1,717,729
Profit for the period	-	-	-	-	-	49,463	-	49,463
Other comprehensive income for the period	-	-	-	-	83,491	-	-	83,491
Total comprehensive income for the period	-	-	-	-	83,491	49,463	-	132,954
2010 final dividend	-	-	-	-	-	-	(7,587)	(7,587)
2011 interim dividend	-	-	-	-	-	(7,587)	7,587	-
	<u>151,746</u>	<u>196,471</u>	<u>316,006</u>	<u>53,585</u>	<u>197,763</u>	<u>919,938</u>	<u>7,587</u>	<u>1,843,096</u>
At 1.1.2010	153,122	195,095	316,006	53,585	76,996	732,342	15,226	1,542,372
Profit for the period	-	-	-	-	-	56,382	-	56,382
Other comprehensive loss for the period	-	-	-	-	(20,386)	-	-	(20,386)
Total comprehensive (loss)/income for the period	-	-	-	-	(20,386)	56,382	-	35,996
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	(2,506)	-	(2,506)
2009 final dividend	-	-	-	-	-	-	(15,226)	(15,226)
2010 interim dividend	-	-	-	-	-	(7,609)	7,609	-
Repurchase of shares	(946)	-	-	-	-	-	-	(946)
Transfer to capital redemption reserve upon share repurchases	-	946	-	-	-	(946)	-	-
	<u>152,176</u>	<u>196,041</u>	<u>316,006</u>	<u>53,585</u>	<u>56,610</u>	<u>777,663</u>	<u>7,609</u>	<u>1,559,690</u>

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2011

	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	144,401	(715,965)
Net cash (used in)/generated from investing activities	(151,546)	786,134
Net cash generated from/(used in) financing activities	<u>22,538</u>	<u>(113,919)</u>
Net increase/(decrease) in cash and cash equivalents	15,393	(43,750)
Cash and cash equivalents at beginning of the period	8,732	54,887
Effect of foreign exchange rate changes	<u>1</u>	<u>2</u>
Cash and cash equivalents at end of the period	<u><u>24,126</u></u>	<u><u>11,139</u></u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	498,808	183,044
Bank deposits pledged to banks	<u>(474,682)</u>	<u>(171,905)</u>
	<u><u>24,126</u></u>	<u><u>11,139</u></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 2010 except for 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 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Revised)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKFRSs (Amendments)	Improvements to HKFRSs 2010

The adoption of the above new and revised HKFRSs has no material impact on the results and the financial position of the Group.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

**Effective for
accounting
periods beginning
on or after**

HKAS 1 (Revised in 2011)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (Revised in 2011)	Employee Benefits	1 January 2013
HKAS 27 (Revised in 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosures of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and financial liabilities and will be effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be subsequently measured at amortised cost or fair value. Specifically, debts investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to change in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial instruments.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

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.

3. Turnover

Analysis of the Group's turnover is as follows:

	2011	2010
	HK\$'000	HK\$'000
Sales of financial assets at fair value through profit or loss	1,133,591	–
Sales of held for trading listed investments	–	55,238
Sales of held for trading unlisted investments	–	5,658
Sales of available-for-sale listed investments	–	250,334
Sales of derivative financial instruments	12,046	7,310
Dividends from listed investments	3,387	6,283
Income from listed investments	285	–
Interest income on financial assets not at fair value through profit or loss	3,601	6,462
Interest income from unlisted investments	<u>1,232</u>	<u>–</u>
	<u>1,154,142</u>	<u>331,285</u>

4. Segment reporting

The Group determines its operating segments based on the internal reports reviewed by the Group's chief operating decision maker that are used to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group has been identified as the Managing Director.

The Group has one reportable segment: share investment and dealing.

5. Operating profit before finance costs

	2011 HK\$'000	2010 HK\$'000
Operating profit before finance costs is stated after charging/(crediting):		
Amortisation of leasehold land	45	8
Depreciation	207	74
Directors' emoluments	2,700	2,786
Gain on disposals of property, plant and equipment	(90)	–
Net exchange gain	(8,533)	(35,959)
Net gain on disposals of available-for-sale listed investments	–	(27,497)
Net gain on disposals of held for trading listed investments	–	(8,164)
Net gain on disposals of held for trading unlisted investments	–	(25)
Net gain on derivative financial instruments	(2,264)	(5,122)
Net gain on financial assets at fair value through profit or loss	(3,110)	–

6. Finance costs

	2011 HK\$'000	2010 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>30</u>	<u>40</u>

7. Income tax

	2011 HK\$'000	2010 HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	<u>482</u>	<u>530</u>

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

8. Other comprehensive income/(loss)

	2011 HK\$'000	2010 HK\$'000
Available-for-sale investments		
Changes in fair value recognised during the period	83,491	7,111
Reclassification adjustment for amount transferred to profit or loss:		
Gain on disposals	<u>–</u>	<u>(27,497)</u>
Net movements in investment revaluation reserve during the period recognised in other comprehensive income/(loss)	<u>83,491</u>	<u>(20,386)</u>

9. Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$49,463,000 (2010: HK\$56,382,000) and the weighted average of 151,746,285 shares (2010: 152,259,224 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.

10. Interim dividend

	2011 HK\$'000	2010 HK\$'000
Interim dividend proposed – 5 HK cents per share (2010: 5 HK cents per share)	<u>7,587</u>	<u>7,609</u>

11. Property, plant and equipment

During the period, the Group acquired a property in Hong Kong of approximately HK\$44 million (six months ended 30 June 2010: nil) for a Director's quarters and a property in Japan of approximately HK\$14 million (six months ended 30 June 2010: nil) for future development.

12. Available-for-sale investments

During the period, the Group acquired available-for-sale investments of approximately HK\$89 million (six months ended 30 June 2010: approximately HK\$16 million).

During the period, increase in fair value of available-for-sale investments amounted to approximately HK\$83 million (six months ended 30 June 2010: approximately HK\$7 million).

13. Held for trading investments

During the period, the Group acquired held for trading investments of approximately HK\$12 million (six months ended 30 June 2010: approximately HK\$198 million).

14. Accounts receivable, deposits and prepayments

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

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Trade receivable		
Within 30 days	746	485
31-60 days	243	335
Over 60 days	310	372
Other receivable and deposits	27,663	16,114
Prepayments	25	145
	<u>28,987</u>	<u>17,451</u>

15. Bank borrowings

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Secured bank loans	<u>30,825</u>	<u>–</u>

16. Accounts payable, deposits and accruals

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Trade payable	–	–
Accounts payable, deposits and accruals	<u>16,554</u>	<u>23,808</u>
	<u>16,554</u>	<u>23,808</u>

17. Derivative financial instruments

	30.6.2011	31.12.2010
	HK\$'000	HK\$'000
Current liabilities		
Stock option	<u>23,367</u>	<u>10,782</u>

18. Share capital

	30.6.2011	31.12.2010
	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	151,746	153,122
Repurchase of shares	<u>—</u>	<u>(1,376)</u>
Balance at end of period/year	<u>151,746</u>	<u>151,746</u>

19. Pledge of assets

The Group's land and buildings, certain available-for-sale investments, held for trading investments, financial assets at fair value through profit or loss and bank deposits with a total net book value of approximately HK\$1,337,000,000 (31.12.2010: approximately HK\$1,274,000,000) were pledged to banks to secure banking facilities granted to the Group.

20. Related party transactions

Details of material transactions are as follows:

- (a) Advances of HK\$4,893,000 (31.12.2010: HK\$4,893,000) were provided by the Group to associates.
- (b) Directors' emoluments are disclosed in note 5.
- (c) On 27 May 2011, the Group entered into an agreement for sale and purchase of the property at consideration of HK\$41.98 million with a related company which is controlled by close family members of key management personnel of the Group.

21. Financial risk management and fair values

The Group's normal course of business exposes to credit, currency, price, interest rate and liquidity risks.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the Group's risk management policies since 31 December 2010.

(a) Liquidity risk

There was no material change in the contractual undiscounted cash flows for financial liabilities except for bank loans of HK\$30,825,000 obtained during the period.

(b) Fair values

The following table sets out the carrying value of financial instruments measured at fair value at 30 June 2011 and 31 December 2010 using the three-level hierarchy as defined in HKFRS 7.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK'\$000	Level 2 HK'\$000	Level 3 HK'\$000	Total HK'\$000
<u>30 June 2011</u>				
Assets				
Available-for-sale investments	444,117	–	–	444,117
Held for trading investments	265,120	43,419	–	308,539
Financial assets at fair value through profit or loss	<u>–</u>	<u>345,850</u>	<u>–</u>	<u>345,850</u>
	<u>709,237</u>	<u>389,269</u>	<u>–</u>	<u>1,098,506</u>
Liabilities				
Derivative financial instruments	<u>23,367</u>	<u>–</u>	<u>–</u>	<u>23,367</u>
<u>31 December 2010</u>				
Assets				
Available-for-sale investments	277,328	–	–	277,328
Held for trading investments	225,520	42,921	–	268,441
Financial assets at fair value through profit or loss	<u>–</u>	<u>509,779</u>	<u>–</u>	<u>509,779</u>
	<u>502,848</u>	<u>552,700</u>	<u>–</u>	<u>1,055,548</u>
Liabilities				
Derivative financial instruments	<u>10,782</u>	<u>–</u>	<u>–</u>	<u>10,782</u>

In 2011, there was no significant transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments and no reclassification of financial assets.

Interim Dividend

The Directors have declared an interim dividend of 5 HK cents per share for the year ending 31 December 2011 (2010: 5 HK cents per share) payable to shareholders registered on 9 September 2011. Dividend warrants will be posted to shareholders by 7 October 2011.

Closure of Register of Members

The Register of Members will be closed from 7 September to 9 September 2011, 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 4:30 p.m. on Tuesday, 6 September 2011 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\$1,154 million turnover for the six months ended 30 June 2011, an 249% increase as compared with the last corresponding period. The increase was largely attributable to the increase in sales of financial assets at fair value through profit or loss.

Profit attributable to owners of the Company was HK\$49 million, a decrease of HK\$7 million as compared with the last corresponding period. The decrease was mainly due to net gain on derivative financial instruments, financial assets at fair value through profit or loss and exchange difference in 2011 less than net gain on disposals of held for trading investments, available-for-sale investments and exchange difference in 2010.

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 financial assets at fair value through profit or loss, Notes issued by Bank Negara Malaysia, of HK\$1,103 million. In the first half of 2011, the Group acquired shares in Gold IS Berhad and IGB Corporation Berhad with cost of HK\$14 million and HK\$69 million respectively. In addition, the Group acquired a property in Japan of HK\$14 million for future development. The Group believes that these investments will generate considerable income in the future.

Financial resources and liquidity

The Group's borrowings were secured bank loans.

The gearing ratio of the Group was 2%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2011.

Charges on Group's assets

The Group's land and buildings, certain available-for-sale investments, held for trading investments, financial assets at fair value through profit or loss and bank deposits with a total net book value of approximately HK\$1,337 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

At 30 June 2011, the Group had no contingent liabilities but the Company had contingent liabilities in respect of guarantees for banking facilities granted to subsidiaries in the sum of HK\$743 million.

Significant investments

The Group had interests in Gold IS Berhad and IGB Corporation Berhad, companies listed in Malaysia, The Prime London Capital Fund, a fund listed in Channel Islands and PetroChina Company Limited, a company listed in Hong Kong. The market values of the investments as at 30 June 2011 were HK\$281 million, HK\$163 million, HK\$136 million and HK\$114 million respectively.

The Group also held Notes issued by Bank Negara Malaysia of HK\$307 million at 30 June 2011.

Material acquisitions and disposals

During the period, the Group acquired listed shares in Gold IS Berhad, IGB Corporation Berhad and Wilmar International Limited, a company listed in Singapore, at cost of HK\$14 million, HK\$69 million and HK\$12 million respectively. The Group also acquired a property in Japan of HK\$14 million for future development.

During the period, the Group disposed of Notes issued by Bank Negara Malaysia at consideration of HK\$1,103 million and resulted in profit of HK\$3 million.

Foreign currency exposure

The Group had major investments, accounts receivable, bank balances, accounts payable and bank loans denominated in Malaysian Ringgit, British Pound, Renminbi, Swiss Franc, Japanese Yen 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 2011, 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 2011, 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	Number 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	37.06
Mr. Ho Hau Chong, Norman	-	-	-	-	-
Mr. Fung Ka Pun	-	-	-	-	-
Mr. Lim Lay Leng (vi)	-	-	-	-	-
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.
- (vi) Mr. Lim Lay Leng was elected as Director of the Company on 13 April 2011.

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.

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

As at 30 June 2011, 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 2011 the Company had been notified of the following interest in the Company's shares:

	<u>Number of ordinary shares</u>	<u>Percentage holding</u>
Tan Boon Seng	56,231,000(Note)	37.06
Petaling Garden (S) Pte. Limited	29,006,000	19.11

Note:

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.

Purchase, Sale and Redemption of Listed Securities

During the period, there was no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries.

Review of Interim Report

The unaudited interim report of the Group for the six months ended 30 June 2011 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 2011, 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 2011.

By Order of the Board

Chan Kai Kwok

Secretary

Hong Kong, 11 August 2011

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. Lim Lay Leng.