



LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 68

Interim Report 2012

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 2012 as follows:–

Condensed Consolidated Income Statement

for the six months ended 30 June 2012

	Note	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Turnover	3	<u>583,269</u>	<u>1,154,142</u>
Revenue and income		40,653	22,501
Unrealised gain on held for trading investments		16,886	28,372
Unrealised gain on derivative financial instruments		1,191	136
Unrealised (loss)/gain on financial assets at fair value through profit or loss		(22)	6,054
Operating expenses		<u>(6,539)</u>	<u>(7,065)</u>
Operating profit before finance costs	5	52,169	49,998
Finance costs	6	<u>(418)</u>	<u>(30)</u>
Operating profit after finance costs		51,751	49,968
Share of results of associates		<u>(23)</u>	<u>(23)</u>
Profit before tax		51,728	49,945
Income tax	7	<u>(1,103)</u>	<u>(482)</u>
Profit attributable to owners of the Company		<u>50,625</u>	<u>49,463</u>
Earnings per share (HK cents)	9		
Basic and diluted		<u>33.36</u>	<u>32.60</u>

Details of interim dividend are disclosed in note 10.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2012

	2012	2011
	Note	
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	50,625	49,463
Other comprehensive income	8	
Available-for-sale investments: net movements in investment revaluation reserve	109,974	83,491
Exchange differences on translation of financial statements of foreign subsidiary and associates	(208)	—
	<u>109,766</u>	<u>83,491</u>
Total comprehensive income attributable to owners of the Company	<u>160,391</u>	<u>132,954</u>

Condensed Consolidated Statement of Financial Position

as at 30 June 2012

	Note	30.6.2012 HK\$'000 (Unaudited)	31.12.2011 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		80,898	81,471
Associates		29,901	29,944
Available-for-sale investments	11	780,445	549,017
Other non-current assets		<u>1,949</u>	<u>1,949</u>
		<u>893,193</u>	<u>662,381</u>
Current assets			
Held for trading investments	12	563,677	347,457
Financial assets at fair value through profit or loss		17,566	441,640
Other assets		295	295
Accounts receivable, deposits and prepayments	13	37,301	4,636
Time deposits and bank balances		<u>522,475</u>	<u>421,892</u>
		<u>1,141,314</u>	<u>1,215,920</u>
Current liabilities			
Bank borrowings	14	57,931	50,847
Accounts payable, deposits and accruals	15	963	11,516
Derivative financial instruments	16	8,908	2,027
Other payable		<u>348</u>	<u>348</u>
		<u>68,150</u>	<u>64,738</u>
Net current assets		<u>1,073,164</u>	<u>1,151,182</u>
Net assets		<u>1,966,357</u>	<u>1,813,563</u>
Equity			
Share capital	17	151,744	151,746
Reserves		1,807,026	1,654,230
Proposed dividends		<u>7,587</u>	<u>7,587</u>
Total equity		<u>1,966,357</u>	<u>1,813,563</u>

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012

	Capital			Investment		Translation reserve	Retained profit	Proposed dividends	Total equity
	Share capital HK\$'000	redemption reserve HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	revaluation reserve HK\$'000				
At 1.1.2012	151,746	196,471	316,006	53,585	214,713	(1,531)	874,986	7,587	1,813,563
Profit for the period	-	-	-	-	-	-	50,625	-	50,625
Other comprehensive income for the period	-	-	-	-	109,974	(208)	-	-	109,766
Total comprehensive income for the period	-	-	-	-	109,974	(208)	50,625	-	160,391
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(8)	-	(8)
2011 final dividend	-	-	-	-	-	-	-	(7,587)	(7,587)
2012 interim dividend	-	-	-	-	-	-	(7,587)	7,587	-
Shares repurchased and cancelled (Note)	(2)	-	-	-	-	-	-	-	(2)
Transfer to capital redemption reserve upon share repurchases	-	2	-	-	-	-	(2)	-	-
	(2)	2	-	-	-	-	(7,597)	-	(7,597)
At 30.6.2012	151,744	196,473	316,006	53,585	324,687	(1,739)	918,014	7,587	1,966,357
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	-
	-	-	-	-	-	-	(7,587)	-	(7,587)
At 30.6.2011	151,746	196,471	316,006	53,585	197,763	-	919,938	7,587	1,843,096

Note:

During the period, the Company repurchased a total of 17,000 of its own shares and amongst those shares repurchased, 2,000 shares were cancelled on 21 June 2012 whereas a total of 15,000 shares were cancelled on 11 July 2012.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2012

	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	220,534	144,401
Net cash used in investing activities	(282,916)	(151,546)
Net cash generated from financing activities	<u>159</u>	<u>22,538</u>
Net (decrease)/increase in cash and cash equivalents	(62,223)	15,393
Cash and cash equivalents at the beginning of the period	74,079	8,732
Effect of foreign exchange rate changes	<u>(22)</u>	<u>1</u>
Cash and cash equivalents at the end of the period	<u><u>11,834</u></u>	<u><u>24,126</u></u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	319,104	498,808
Bank deposits pledged to banks	<u>(307,270)</u>	<u>(474,682)</u>
	<u><u>11,834</u></u>	<u><u>24,126</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 2011 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 2012:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

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 (Amendments)	Presentation of Items of Other Comprehensive Income	1 July 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
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 1 (Amendments)	Government Loans	1 January 2013
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
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
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 -2011 Cycle	1 January 2013

HKFRS 9 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 2015, 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, debt 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. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an entity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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 changes 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 Group has already commenced an assessment of the impact of other new or revised HKFRSs, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the financial statements.

3. Turnover

Analysis of the Group's turnover is as follows:

	2012	2011
	HK\$'000	HK\$'000
Sales of financial assets at fair value		
through profit or loss	430,813	1,133,591
Sales of held for trading listed investments	89,193	–
Sales of derivative financial instruments	32,194	12,046
Dividends from listed investments	21,822	3,387
Income from listed investments	313	285
Interest income on financial assets not		
at fair value through profit or loss	4,586	3,601
Interest income from unlisted investments	<u>4,348</u>	<u>1,232</u>
	<u>583,269</u>	<u>1,154,142</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

	2012 HK\$'000	2011 HK\$'000
Operating profit before finance costs is stated after charging/(crediting):		
Amortisation of leasehold land	228	45
Depreciation	354	207
Directors' emoluments (Note)	1,988	2,700
Gain on disposals of property, plant and equipment	–	(90)
Net exchange gain	(19,192)	(8,533)
Net gain on derivative financial instruments	(6,728)	(2,264)
Net gain on disposals of held for trading listed investments	(3,914)	–
Net loss/(gain) on financial assets at fair value through profit or loss	20,250	(3,110)

Note:

The Group provided rent-free quarters to a Director. The estimated rental value of HK\$679,000 (2011: nil) is not included in Directors' emoluments.

6. Finance costs

	2012 HK\$'000	2011 HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss - interest on bank loans	<u>418</u>	<u>30</u>

7. Income tax

	2012 HK\$'000	2011 HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	<u>1,103</u>	<u>482</u>

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

8. Other comprehensive income

	2012 HK\$'000	2011 HK\$'000
Changes in fair value of available-for-sale investments recognised during the period	109,974	83,491
Exchange differences on translation of financial statements of foreign subsidiary and associates	<u>(208)</u>	<u>—</u>
	<u>109,766</u>	<u>83,491</u>

9. Earnings per share

The calculation of basic earnings per share is based on profit attributable to owners of the Company of HK\$50,625,000 (2011: HK\$49,463,000) and the weighted average of 151,746,098 shares (2011: 151,746,285 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

	2012 HK\$'000	2011 HK\$'000
Interim dividend proposed – 5 HK cents per share (2011: 5 HK cents per share)	<u>7,587</u>	<u>7,587</u>

11. Available-for-sale investments

During the period, the Group acquired available-for-sale investments of approximately HK\$121 million (six months ended 30 June 2011: approximately HK\$89 million).

During the period, increase in fair value of available-for-sale investments amounted to approximately HK\$110 million (six months ended 30 June 2011: approximately HK\$83 million).

12. Held for trading investments

During the period, the Group acquired held for trading investments of approximately HK\$285 million (six months ended 30 June 2011: approximately HK\$12 million).

During the period, the Group disposed of held for trading investments at a consideration of HK\$89 million (six months ended 30 June 2011: nil) and resulted in profit of HK\$4 million (six months ended 30 June 2011: nil).

13. Accounts receivable, deposits and prepayments

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

	30.6.2012	31.12.2011
	HK\$'000	HK\$'000
Trade receivable		
Within 30 days	589	312
31-60 days	377	234
Over 60 days	521	346
Other receivable and deposits	35,511	3,295
Prepayments	303	449
	<u>37,301</u>	<u>4,636</u>

14. Bank borrowings

	30.6.2012	31.12.2011
	HK\$'000	HK\$'000
Secured bank loans	38,114	30,693
Secured bank loan subject to a repayment on demand clause	19,817	20,154
	<u>57,931</u>	<u>50,847</u>

Repayment of bank loans based on the scheduled repayment dates set out in the loan agreements are as follows:

	30.6.2012	31.12.2011
	HK\$'000	HK\$'000
Within one year	38,799	31,384
After one year but within two years	696	702
After two years but within five years	2,154	2,172
After five years	<u>16,282</u>	<u>16,589</u>
	<u>57,931</u>	<u>50,847</u>

15. Accounts payable, deposits and accruals

	30.6.2012	31.12.2011
	HK\$'000	HK\$'000
Trade payable	–	–
Accounts payable, deposits and accruals	<u>963</u>	<u>11,516</u>
	<u>963</u>	<u>11,516</u>

16. Derivative financial instruments

	30.6.2012	31.12.2011
	HK\$'000	HK\$'000
Current liabilities		
Stock options	1,514	2,027
Commodity options	<u>7,394</u>	<u>–</u>
	<u>8,908</u>	<u>2,027</u>

17. Share capital

	30.6.2012	31.12.2011
	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 the period/year	151,746	151,746
Repurchase of shares (Note)	<u>(2)</u>	<u>–</u>
Balance at end of the period/year	<u>151,744</u>	<u>151,746</u>

Note:

During the period, the Company repurchased a total of 17,000 of its own shares and amongst those shares repurchased, 2,000 shares were cancelled on 21 June 2012 whereas a total of 15,000 shares were cancelled on 11 July 2012.

18. Pledge of assets

The Group's leasehold 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\$1,432,000,000 (31.12.2011: approximately HK\$1,308,000,000) were pledged to banks to secure banking facilities granted to the Group.

19. Related party transactions

Details of material transactions are as follows:

- (a) Advances of HK\$2,525,000 (31.12.2011: HK\$2,525,000) were provided by the Group to associates.
- (b) Directors' emoluments are disclosed in note 5.

20. 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 2011.

There have been no changes in the Group's risk management policies since 31 December 2011.

(a) Liquidity risk

There was no material change in the contractual undiscounted cash flows for financial liabilities compared to 31 December 2011.

(b) Fair values

The following table sets out the carrying value of financial instruments measured at fair value at 30 June 2012 and 31 December 2011 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 2012</u>				
Assets				
Available-for-sale investments	766,573	–	–	766,573
Held for trading investments	529,347	34,330	–	563,677
Financial assets at fair value through profit or loss	<u>–</u>	<u>17,566</u>	<u>–</u>	<u>17,566</u>
	<u>1,295,920</u>	<u>51,896</u>	<u>–</u>	<u>1,347,816</u>
Liabilities				
Derivative financial instruments	<u>8,908</u>	<u>–</u>	<u>–</u>	<u>8,908</u>
<u>31 December 2011</u>				
Assets				
Available-for-sale investments	535,146	–	–	535,146
Held for trading investments	311,907	35,550	–	347,457
Financial assets at fair value through profit or loss	<u>–</u>	<u>441,640</u>	<u>–</u>	<u>441,640</u>
	<u>847,053</u>	<u>477,190</u>	<u>–</u>	<u>1,324,243</u>
Liabilities				
Derivative financial instruments	<u>2,027</u>	<u>–</u>	<u>–</u>	<u>2,027</u>

In 2012, 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.

21. Events after the end of reporting period

On 1 August 2012, the Group entered into a subscription agreement with PureCircle Limited, a company listed in London, to subscribe 10,000,000 ordinary shares of US\$0.10 each in the capital of PureCircle Limited at 20 million British Pound (approximately HK\$243 million).

Interim Dividend

The Directors have resolved to declare an interim dividend of 5 HK cents per share for the year ending 31 December 2012 (2011: 5 HK cents per share) payable to shareholders of the Company (“Shareholders”) registered on 14 September 2012. Dividend warrants will be posted to Shareholders by 5 October 2012.

Closure of Register of Members

The Register of Members will be closed from 12 September to 14 September 2012, 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, 11 September 2012 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\$583 million turnover for the six months ended 30 June 2012, a 49% decrease as compared with the last corresponding period. The decrease was largely attributable to the decrease in sales of financial assets at fair value through profit or loss.

Profit attributable to owners of the Company was HK\$51 million, an increase of HK\$1 million as compared with the last corresponding period. The increase was mainly due to the increase in dividends from listed investments, interest income from unlisted investments, net exchange gain, net gain on derivative financial instruments and net gain on disposals of held for trading listed investments.

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\$393 million, and sales of held for trading listed investments, shares in Hopewell Holdings Limited and Wilmar International Limited, of HK\$82 million. In the first half of 2012, the Group acquired shares in PureCircle Limited and Wilmar International Limited with cost of HK\$119 million and HK\$91 million respectively. In addition, the Group held Paper Gold with market value of HK\$156 million at 30 June 2012. 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 3%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2012.

Charges on Group's assets

The Group's leasehold 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\$1,432 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

At 30 June 2012, the Group had no contingent liabilities but the Company had contingent liabilities in respect of guarantees for banking facilities granted to its 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, PureCircle Limited, a company listed in London, 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 2012 were HK\$361 million, HK\$266 million, HK\$140 million, HK\$144 million and HK\$100 million respectively.

The Group also held Paper Gold with market value of HK\$156 million at 30 June 2012.

Material acquisitions and disposals

During the period, the Group acquired listed shares in PureCircle Limited, a company listed in London, and Wilmar International Limited, a company listed in Singapore, at cost of HK\$119 million and HK\$91 million respectively. The Group also held Paper Gold with market value of HK\$156 million at 30 June 2012.

During the period, the Group disposed of Notes issued by Bank Negara Malaysia at a consideration of HK\$393 million and resulted in profit of HK\$0.4 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, Thai Baht 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 2012, 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 2012, 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. Chan Kai Kwok	-	-	-	-	-
Mr. Ho Hau Chong, Norman	-	-	-	-	-
Mr. Fung Ka Pun	-	-	-	-	-
Mr. Lim Lay Leng	-	-	-	-	-

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.

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

As at 30 June 2012, 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 2012 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	19.12

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, the Company repurchased a total of 17,000 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\$
2012			
June	<u>17,000 (Note)</u>	4.80	<u>81,600</u>

Note:

Amongst the 17,000 shares repurchased, 2,000 shares were cancelled on 21 June 2012 whereas a total of 15,000 shares were cancelled on 11 July 2012.

The above-mentioned shares were duly cancelled 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 repurchase of shares was made for the purpose of enhancing the net asset value per share of the Company and was pursuant to a general mandate granted to the Board at the 2012 annual general meeting of the Company to repurchase shares of HK\$1.00 each in the capital 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 2012 has been reviewed by the Audit Committee of the Company.

Corporate Governance Code and Corporate Governance Report

The Company has complied with the code provisions under the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012, except for the following deviations from code provisions A.2.1, A.4.1, A.6.7 and E.1.2:

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 to 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.

Code provision A.6.7

Under code provision A.6.7, Independent Non-executive Directors and other Non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two members of the Independent Non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 19 April 2012 (the “2012 AGM”).

Code provision E.1.2

Under code provision E.1.2, the Chairman of the Board should invite the Chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend and answer questions at the annual general meeting. The Chairman of Audit Committee and Remuneration Committee was unable to attend the 2012 AGM.

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 standard set out in the Model Code throughout the six months ended 30 June 2012.

By Order of the Board
Lee Hing Development Limited
Chan Kai Kwok
Company Secretary

Hong Kong, 16 August 2012

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.