



LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 68

Interim Report 2013

The Board of Directors of Lee Hing Development Limited (the “Company”) announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013 as follows:–

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2013

	Note	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Turnover	3	<u>38,397</u>	<u>583,269</u>
Revenue and income		32,859	40,653
Unrealised (loss)/gain on held for trading investments		(37,660)	16,886
Unrealised (loss)/gain on derivative financial instruments		(959)	1,191
Unrealised loss on financial assets at fair value through profit or loss		–	(22)
Operating expenses		<u>(6,150)</u>	<u>(6,539)</u>
Operating (loss)/profit before finance costs	5	(11,910)	52,169
Finance costs	6	<u>(1,655)</u>	<u>(418)</u>
Operating (loss)/profit after finance costs		(13,565)	51,751
Share of results of associates		<u>(68)</u>	<u>(23)</u>
(Loss)/profit before tax		(13,633)	51,728
Income tax	7	<u>(2,080)</u>	<u>(1,103)</u>
(Loss)/profit attributable to owners of the Company		<u>(15,713)</u>	<u>50,625</u>
(Loss)/earnings per share (HK cents) Basic and diluted	9	<u>(10.40)</u>	<u>33.36</u>

Details of interim dividend are disclosed in note 10.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2013

	2013	2012
	Note	
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company	(15,713)	50,625
Other comprehensive income	8	
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale investments:		
net movements in investment revaluation reserve	456,076	109,974
Exchange differences on translation of financial statements of foreign subsidiary and associates	376	(208)
	<u>456,452</u>	<u>109,766</u>
Total comprehensive income attributable to owners of the Company	<u>440,739</u>	<u>160,391</u>

Condensed Consolidated Statement of Financial Position

as at 30 June 2013

	Note	30.6.2013 HK\$'000 (Unaudited)	31.12.2012 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		82,461	81,590
Associates		30,101	29,980
Available-for-sale investments	11	2,096,927	1,610,989
Other non-current assets		<u>2,572</u>	<u>2,564</u>
		<u>2,212,061</u>	<u>1,725,123</u>
Current assets			
Held for trading investments	12	310,098	346,835
Financial assets at fair value through profit or loss		–	8,464
Other assets		295	295
Accounts receivable, deposits and prepayments	13	2,054	11,481
Time deposits and bank balances		<u>83,650</u>	<u>585,087</u>
		<u>396,097</u>	<u>952,162</u>
Current liabilities			
Bank borrowings	14	40,669	520,721
Accounts payable, deposits and accruals	15	1,648	10,908
Derivative financial instruments	16	1,052	12,876
Other payable		<u>348</u>	<u>348</u>
		<u>43,717</u>	<u>544,853</u>
Net current assets		<u>352,380</u>	<u>407,309</u>
Net assets		<u>2,564,441</u>	<u>2,132,432</u>
Equity			
Share capital	17	151,025	151,210
Reserves		2,405,865	1,973,661
Proposed dividends		<u>7,551</u>	<u>7,561</u>
Total equity		<u>2,564,441</u>	<u>2,132,432</u>

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2013

	Capital redemption		Investment revaluation		Translation reserve	Retained profit	Proposed dividends	Total equity	
	Share capital	Share premium	Capital reserve	Investment reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1.1.2013	151,210	197,007	316,006	53,585	456,067	(1,272)	952,268	7,561	2,132,432
Loss for the period	-	-	-	-	-	-	(15,713)	-	(15,713)
Other comprehensive income for the period	-	-	-	-	456,076	376	-	-	456,452
Total comprehensive income for the period	-	-	-	-	456,076	376	(15,713)	-	440,739
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(993)	-	(993)
Over-provision for dividend written back	-	-	-	-	-	-	9	-	9
2012 final dividend	-	-	-	-	-	-	-	(7,561)	(7,561)
2013 interim dividend	-	-	-	-	-	-	(7,551)	7,551	-
Repurchase of shares	(185)	-	-	-	-	-	-	-	(185)
Transfer to capital redemption reserve upon share repurchases	-	185	-	-	-	-	(185)	-	-
	<u>(185)</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,720)</u>	<u>(10)</u>	<u>(8,730)</u>
At 30.6.2013	<u>151,025</u>	<u>197,192</u>	<u>316,006</u>	<u>53,585</u>	<u>912,143</u>	<u>(896)</u>	<u>927,835</u>	<u>7,551</u>	<u>2,564,441</u>
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	-
Repurchase of shares	(2)	-	-	-	-	-	-	-	(2)
Transfer to capital redemption reserve upon share repurchases	-	2	-	-	-	-	(2)	-	-
	<u>(2)</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,597)</u>	<u>-</u>	<u>(7,597)</u>
At 30.6.2012	<u>151,744</u>	<u>196,473</u>	<u>316,006</u>	<u>53,585</u>	<u>324,687</u>	<u>(1,739)</u>	<u>918,014</u>	<u>7,587</u>	<u>1,966,357</u>

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2013

	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash generated from operating activities	19,535	220,534
Net cash generated from/(used in) investing activities	473,795	(282,916)
Net cash (used in)/generated from financing activities	<u>(488,443)</u>	<u>159</u>
Net increase/(decrease) in cash and cash equivalents	4,887	(62,223)
Cash and cash equivalents at the beginning of the period	12,331	74,079
Effect of foreign exchanges rate changes	<u>(75)</u>	<u>(22)</u>
Cash and cash equivalents at the end of the period	<u>17,143</u>	<u>11,834</u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	73,199	319,104
Bank deposits pledged to banks	<u>(56,056)</u>	<u>(307,270)</u>
	<u>17,143</u>	<u>11,834</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 2012 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 2013:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 – 2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above new and revised HKFRSs has no impact on the interim report except as described below:

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The HKAS 1 (Amendments) introduce new terminology for the statement of comprehensive income and income statement. Under the amendments, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and “income statement” is renamed as a “statement of profit or loss”. In addition, the amendments require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The Group has applied the new terminology to rename “consolidated statement of comprehensive income” as “consolidated statement of profit or loss and other comprehensive income” and “consolidated income statement” as “consolidated statement of profit or loss”, and made additional disclosures in the other comprehensive income section such that items of other comprehensive income may be reclassified subsequently to profit or loss is disclosed.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim report.

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 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
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, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

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 equity 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.

The Group has already commenced an assessment of the impact of other new and 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. The Group is not yet in a position to ascertain their impact on its results of operations and financial position.

3. Turnover

Analysis of the Group's turnover is as follows:

	2013 HK\$'000	2012 HK\$'000
Sales of financial assets at fair value		
through profit or loss	7,580	430,813
Sales of held for trading listed investments	–	89,193
Sales of derivative financial instruments	19,338	32,194
Dividends from listed investments	9,717	21,822
Income from listed investments	290	313
Interest income on financial assets not		
at fair value through profit or loss	1,454	4,586
Interest income from unlisted investments	18	4,348
	<u>38,397</u>	<u>583,269</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 (loss)/profit before finance costs

	2013	2012
	HK\$'000	HK\$'000
Operating (loss)/profit before finance costs is stated after charging/(crediting):		
Amortisation of leasehold land	228	228
Depreciation	355	354
Directors' emoluments (Note)	2,097	1,988
Net exchange gain	(18,075)	(19,192)
Net gain on derivative financial instruments	(3,266)	(6,728)
Net gain on disposals of held for trading listed investments	–	(3,914)
Net (gain)/loss on financial assets at fair value through profit or loss	(39)	20,250

Note:

The Group provided rent-free quarters to a Director. The estimated rental value of HK\$437,000 (2012: HK\$679,000) is not included in Directors' emoluments.

6. Finance costs

	2013	2012
	HK\$'000	HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss:-		
interest on bank loans (wholly repayable within five years)	1,518	316
interest on bank loan subject to a repayment on demand clause (not wholly repayable within five years)	143	156
less: interest capitalised in cost of construction in progress	(6)	(54)
	<u>1,655</u>	<u>418</u>

The above shows the finance costs, including bank loan which contains a repayment on demand clause, in accordance with the scheduled repayment dates set out in the loan agreements.

7. Income tax

	2013	2012
	HK\$'000	HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	<u>2,080</u>	<u>1,103</u>

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

8. Other comprehensive income

	2013	2012
	HK\$'000	HK\$'000
Changes in fair value of available-for-sale investments recognised during the period	456,076	109,974
Exchange differences on translation of financial statements of foreign subsidiary and associates	<u>376</u>	<u>(208)</u>
	<u>456,452</u>	<u>109,766</u>

9. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss attributable to owners of the Company of HK\$15,713,000 (2012: profit of HK\$50,625,000) and the weighted average of 151,043,268 shares (2012: 151,746,098 shares) of HK\$1 each in issue during the period.

Diluted (loss)/earnings per share is same as basic (loss)/earnings per share because there were no potential dilutive shares outstanding during the period.

10. Interim dividend

	2013	2012
	HK\$'000	HK\$'000
Interim dividend proposed – 5 HK cents per share (2012: 5 HK cents per share)	<u>7,551</u>	<u>7,587</u>

11. Available-for-sale investments

During the period, the Group acquired available-for-sale investments of approximately HK\$30 million (six months ended 30 June 2012: approximately HK\$121 million).

During the period, increase in fair value of available-for-sale investments amounted to approximately HK\$456 million (six months ended 30 June 2012: approximately HK\$110 million).

12. Held for trading investments

During the period, the Group acquired held for trading investments of approximately HK\$1 million (six months ended 30 June 2012: approximately HK\$285 million).

During the period, decrease in fair value of held for trading investments amounted to approximately HK\$38 million (six months ended 30 June 2012: increase of approximately HK\$17 million).

13. Accounts receivable, deposits and prepayments

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

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
Trade receivable		
Within 30 days	15	627
31 – 60 days	1,480	521
Over 60 days	325	573
Other receivable and deposits	123	9,504
Prepayments	111	256
	<u>2,054</u>	<u>11,481</u>

14. Bank borrowings

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
Secured bank loans	21,544	501,245
Secured bank loan subject to a repayment on demand clause	19,125	19,476
	<u>40,669</u>	<u>520,721</u>

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

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
Within one year	22,258	501,940
After one year but within two years	725	706
After two years but within five years	2,238	2,184
After five years	15,448	15,891
	<u>40,669</u>	<u>520,721</u>

15. Accounts payable, deposits and accruals

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
Accounts payable, deposits and accruals	<u>1,648</u>	<u>10,908</u>

16. Derivative financial instruments

	30.6.2013	31.12.2012
	HK\$'000	HK\$'000
Current liabilities		
Stock options	17	12,876
Foreign exchange options	<u>1,035</u>	<u>–</u>
	<u>1,052</u>	<u>12,876</u>

17. Share capital

	30.6.2013	31.12.2012
	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	151,210	151,746
Repurchase of shares	<u>(185)</u>	<u>(536)</u>
Balance at end of period/year	<u>151,025</u>	<u>151,210</u>

18. Pledge of 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\$2,247,000,000 (31.12.2012: approximately HK\$2,082,000,000) were pledged to banks to secure banking facilities granted to the Group.

19. Related party transactions

Detail of material transactions are as follows:

- (a) Advances of HK\$3,148,000 (31.12.2012: HK\$3,140,000) were provided by the Group to associates.
- (b) Directors' emoluments are disclosed in note 5.

20. Fair value measurement of financial instruments

Financial instruments measured at fair value

- (a) The following table sets out the carrying value of financial instruments measured at fair value at 30 June 2013 and 31 December 2012 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 2013</u>				
Recurring fair value measurement				
Assets				
Available-for-sale investments	2,083,056	–	–	2,083,056
Held for trading investments	<u>271,741</u>	<u>38,357</u>	<u>–</u>	<u>310,098</u>
	<u>2,354,797</u>	<u>38,357</u>	<u>–</u>	<u>2,393,154</u>
Liabilities				
Derivative financial instruments	<u>17</u>	<u>1,035</u>	<u>–</u>	<u>1,052</u>

31 December 2012

Recurring fair value measurement

Assets				
Available-for-sale investments	1,597,118	–	–	1,597,118
Held for trading investments	306,316	40,519	–	346,835
Financial assets at fair value through profit or loss	<u>–</u>	<u>8,464</u>	<u>–</u>	<u>8,464</u>
	<u>1,903,434</u>	<u>48,983</u>	<u>–</u>	<u>1,952,417</u>
Liabilities				
Derivative financial instruments	<u>12,876</u>	<u>–</u>	<u>–</u>	<u>12,876</u>

During the period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2012:nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Valuation techniques and inputs used in Level 2 fair value measurement

The fair value of held for trading investments, financial assets at fair value through profit or loss and derivative financial instruments in Level 2 is determined by financial institution or fund manager.

Interim Dividend

The Directors have resolved to declare an interim dividend of 5 HK cents per share for the year ending 31 December 2013 (2012: 5 HK cents per share) payable to shareholders of the Company (“Shareholders”) registered on 13 September 2013. Dividend warrants will be posted to Shareholders by 3 October 2013.

Closure of Register of Members

The Register of Members will be closed from 11 September to 13 September 2013, 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, 10 September 2013 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\$38 million turnover for the six months ended 30 June 2013, a 93% 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 and held for trading investments.

Loss attributable to owners of the Company was HK\$16 million, compared to a profit of HK\$51 million for the last corresponding period. The loss was mainly due to the decrease in dividends from listed investments and unrealised loss on held for trading investments.

Business review

The Group is principally engaged in share investment and dealing.

During the period under review, the Group’s turnover was mainly attributable to the sales of financial assets at fair value through profit or loss, Notes issued by Bank Negara Malaysia, of HK\$8 million, sales of derivative financial instruments, stock options, of HK\$19 million and dividends from listed investments of HK\$10 million. In the first half of 2013, the Group acquired shares in PureCircle Limited and Gold IS Berhad at cost of HK\$20 million and HK\$10 million respectively. 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. With respect to interest rate structure of the borrowings, interest rate was 0.5% to 1.25% per annum above the bank's cost of fund, 1.25% per annum above HIBOR or 2.8% per annum below prime rate.

The gearing ratio of the Group was 1.6%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2013.

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\$2,247 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2013, 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 these investments as at 30 June 2013 were HK\$416 million, HK\$247 million, HK\$1,420 million, HK\$140 million and HK\$83 million respectively.

During the period, increase in fair value of investment in PureCircle Limited amounted to HK\$457 million.

Material acquisitions and disposals

During the period, the Group acquired listed shares in PureCircle Limited, a company listed in London, and Gold IS Berhad, a company listed in Malaysia, at cost of HK\$20 million and HK\$10 million respectively.

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 2013, 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 2013, 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	37.23
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 interest 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 2013, 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 2013 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)	37.23
Petaling Garden (S) Pte. Limited	29,006,000	19.21

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 share 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 185,000 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
2013			
January	98,000 (Note)	6.36/6.30	622
February	<u>87,000</u>	6.35	<u>552</u>
	<u>185,000</u>		<u>1,174</u>

Note:

Amongst the 98,000 shares repurchased as mentioned above, 3,000 shares were repurchased on 28 December 2012 and were cancelled on 9 January 2013.

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 2013 annual general meeting of the Company to repurchase shares of HK\$1 each in the share 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 2013 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 Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, except for the following deviations from code provisions A.2.1, A.4.1 and A.6.7:

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. One member of the Independent Non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 29 April 2013.

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 to 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 2013.

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

Hong Kong, 16 August 2013

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.