



LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 68

Interim Report 2014

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 2014 as follows:

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2014

	Note	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Turnover	3	<u>209,942</u>	<u>38,397</u>
Revenue and income		7,773	32,859
Unrealised loss on held for trading investments		(2,164)	(37,660)
Unrealised loss on derivative financial instruments		–	(959)
Operating expenses		<u>(11,925)</u>	<u>(6,150)</u>
Operating loss before finance costs	5	(6,316)	(11,910)
Finance costs	6	<u>(3,057)</u>	<u>(1,655)</u>
Operating loss after finance costs		(9,373)	(13,565)
Share of results of associates		<u>87</u>	<u>(68)</u>
Loss before tax		(9,286)	(13,633)
Income tax	7	<u>(5)</u>	<u>(2,080)</u>
Loss attributable to owners of the Company		<u>(9,291)</u>	<u>(15,713)</u>
Loss per share (HK cents)	9		
Basic and diluted		<u>(6.15)</u>	<u>(10.40)</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 2014

	Note	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Loss attributable to owners of the Company		----- (9,291) -----	----- (15,713) -----
Other comprehensive income	8		
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
net movements in investment revaluation reserve		248,270	456,076
Exchange differences on translation of financial statements of foreign subsidiaries and associates		129	376
		----- 248,399 -----	----- 456,452 -----
Total comprehensive income attributable to owners of the Company		===== 239,108 =====	===== 440,739 =====

Condensed Consolidated Statement of Financial Position

as at 30 June 2014

	Note	30.6.2014 HK\$'000 (Unaudited)	31.12.2013 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		81,182	81,513
Associates		29,130	28,776
Available-for-sale investments	11	3,855,796	3,302,003
Other non-current assets		<u>3,742</u>	<u>3,722</u>
		<u>3,969,850</u>	<u>3,416,014</u>
Current assets			
Held for trading investments	12	38,909	244,386
Other assets		295	295
Accounts receivable, deposits and prepayments	13	2,368	2,272
Time deposits and bank balances		<u>91,480</u>	<u>65,695</u>
		<u>133,052</u>	<u>312,648</u>
Current liabilities			
Bank borrowings	14	93,198	78,532
Accounts payable, deposits and accruals	15	19,569	10,379
Derivative financial instruments	16	–	15
Other payable		<u>348</u>	<u>348</u>
		<u>113,115</u>	<u>89,274</u>
Net current assets		<u>19,937</u>	<u>223,374</u>
Total assets less current liabilities		3,989,787	3,639,388
Non-current liabilities			
Bank borrowings	14	<u>144,773</u>	<u>25,931</u>
Net assets		<u>3,845,014</u>	<u>3,613,457</u>
Equity			
Share capital	17	717,808	151,025
Reserves		3,119,655	3,454,881
Proposed dividends		<u>7,551</u>	<u>7,551</u>
Total equity		<u>3,845,014</u>	<u>3,613,457</u>

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014

	Capital			Investment			Retained profits	Proposed dividends	Total equity
	Share capital	redemption reserve	Share premium	Capital reserve	revaluation reserve	Translation reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2014	151,025	197,192	316,006	53,585	1,978,632	(1,996)	911,462	7,551	3,613,457
Loss for the period	-	-	-	-	-	-	(9,291)	-	(9,291)
Other comprehensive income for the period	-	-	-	-	248,270	129	-	-	248,399
Total comprehensive income for the period	-	-	-	-	248,270	129	(9,291)	-	239,108
2013 final dividend	-	-	-	-	-	-	-	(7,551)	(7,551)
2014 interim dividend	-	-	-	-	-	-	(7,551)	7,551	-
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	566,783	(197,192)	(316,006)	(53,585)	-	-	-	-	-
	<u>566,783</u>	<u>(197,192)</u>	<u>(316,006)</u>	<u>(53,585)</u>	<u>-</u>	<u>-</u>	<u>(7,551)</u>	<u>-</u>	<u>(7,551)</u>
At 30.6.2014	<u>717,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,226,902</u>	<u>(1,867)</u>	<u>894,620</u>	<u>7,551</u>	<u>3,845,014</u>
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 of 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>

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2014

	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Net cash generated from operating activities	205,592	19,535
Net cash (used in)/generated from investing activities	(333,245)	473,795
Net cash generated from/(used in) financing activities	<u>122,289</u>	<u>(488,443)</u>
Net (decrease)/increase in cash and cash equivalents	(5,364)	4,887
Cash and cash equivalents at the beginning of the period	41,631	12,331
Effect of foreign exchanges rate changes	<u>218</u>	<u>(75)</u>
Cash and cash equivalents at the end of the period	<u><u>36,485</u></u>	<u><u>17,143</u></u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	91,480	73,199
Bank deposits pledged to banks	<u>(54,995)</u>	<u>(56,056)</u>
	<u><u>36,485</u></u>	<u><u>17,143</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 2013 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 2014:

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised in 2011) (Amendments)	Investment Entities
HK (IFIC) – Int 21	Levies

The adoption of the above new and revised HKFRSs has no impact on 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 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (Revised in 2011) (Amendments)	Defined Benefit Plans: Employee Contribution	1 July 2014
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle	1 July 2014
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle	1 July 2014
HKFRS 9	Financial Instruments	Not yet determined but available for adoption
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Not yet determined but available for adoption
HKFRS 11 (Amendments)	Accounting for Acquisitions for Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities. The previous mandatory effective date was removed by HKICPA in December 2013. The new effective date has not yet been determined but it is available for adoption.

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 in the future may 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 consolidated 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:

	2014 HK\$'000	2013 HK\$'000
Sales of held for trading listed investments	160,829	–
Sales of held for trading unlisted investments	43,648	–
Sales of financial assets at fair value through profit or loss	–	7,580
Sales of derivative financial instruments	1,466	19,338
Dividends from listed investments	3,347	9,717
Income from listed investments	366	290
Interest income on financial assets not at fair value through profit or loss	286	1,454
Interest income from unlisted investments	–	18
	<u>209,942</u>	<u>38,397</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. The management considers that it is impracticable to allocate the turnover, segment results and assets to geographical location.

5. Operating loss before finance costs

	2014 HK\$'000	2013 HK\$'000
Operating loss before finance costs is stated after charging/(crediting):		
Amortisation of leasehold land	228	228
Depreciation	321	355
Directors' emoluments (Note)	2,194	2,097
Net loss on disposals of held for trading unlisted investments	1,394	–
Net exchange loss/(gain)	2,509	(18,075)
Net gain on derivative financial instruments	(1,216)	(3,266)
Net gain on disposals of held for trading listed investments	(2,558)	–
Net gain on financial assets at fair value through profit or loss	–	(39)

Note:

The Group provided rent-free quarters to a Director. The estimated rental value of HK\$415,000 (2013: HK\$437,000) is not included in Directors' emoluments.

6. Finance costs

	2014 HK\$'000	2013 HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss:		
interest on bank loans (wholly repayable within five years)	2,922	1,518
interest on bank loan subject to a repayment on demand clause (not wholly repayable within five years)	135	143
less: interest capitalised in cost of construction in progress	–	(6)
	<u>3,057</u>	<u>1,655</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

	2014 HK\$'000	2013 HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	5	2,080
	<u>5</u>	<u>2,080</u>

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

8. Other comprehensive income

	2014 HK\$'000	2013 HK\$'000
Changes in fair value of available-for-sale investments recognised during the period	248,270	456,076
Exchange differences on translation of financial statements of foreign subsidiaries and associates	129	376
	<u>248,399</u>	<u>456,452</u>

9. Loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$9,291,000 (2013: HK\$15,713,000) and the weighted average of 151,025,285 shares (2013: 151,043,268 shares) in issue during the period.

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

10. Interim dividend

	2014 HK\$'000	2013 HK\$'000
Interim dividend proposed – 5 HK cents per share (2013: 5 HK cents per share)	7,551	7,551
	<u>7,551</u>	<u>7,551</u>

11. Available-for-sale investments

During the period, the Group acquired available-for-sale investments of approximately HK\$306 million (six months ended 30 June 2013: approximately HK\$30 million).

During the period, increase in fair value of available-for-sale investments amounted to approximately HK\$248 million (six months ended 30 June 2013: approximately HK\$456 million).

12. Held for trading investments

During the period, the Group disposed of held for trading investments of approximately HK\$203 million (six months ended 30 June 2013: acquisition of approximately HK\$1 million).

During the period, decrease in fair value of held for trading investments amounted to approximately HK\$2 million (six months ended 30 June 2013: approximately HK\$38 million).

13. Accounts receivable, deposits and prepayments

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

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Trade receivable		
Within 30 days	132	6
31 – 60 days	5	1
Other receivable and deposits	2,222	2,027
Prepayments	9	238
	<u>2,368</u>	<u>2,272</u>

Trade receivable is neither past due nor impaired.

14. Bank borrowings

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Secured bank loans	219,560	85,693
Secured bank loan subject to a repayment on demand clause	<u>18,411</u>	<u>18,770</u>
	237,971	104,463
Less: current portion	<u>(93,198)</u>	<u>(78,532)</u>
Non-current portion	<u>144,773</u>	<u>25,931</u>

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

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Within one year	75,511	60,480
After one year but within two years	145,507	26,660
After two years but within five years	2,269	2,251
After five years	<u>14,684</u>	<u>15,072</u>
	<u>237,971</u>	<u>104,463</u>

15. Accounts payable, deposits and accruals

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Accounts payable, deposits and accruals	<u>19,569</u>	<u>10,379</u>

No ageing analysis has been prepared as there was no trade payable during the period.

16. Derivative financial instruments

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Current liabilities		
Stock options	<u>–</u>	<u>15</u>

17. Share capital

	30.6.2014 HK\$'000	31.12.2013 HK\$'000
Issued and fully paid		
151,025,285 (31.12.2013: 151,025,285)		
ordinary shares		
Balance at beginning of period/year	151,025	151,210
Repurchase of shares	–	(185)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance (Note)	<u>566,783</u>	<u>–</u>
Balance at end of period/year	<u>717,808</u>	<u>151,025</u>

Note:

The Company has no authorised share capital and its shares have no par value since the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014). As of 3 March 2014, capital redemption reserve, share premium and capital reserve were transferred to share capital upon abolition of par value under the new Hong Kong Companies Ordinance.

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\$3,288,000,000 (31.12.2013: approximately HK\$3,428,000,000) 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\$4,318,000 (31.12.2013: HK\$4,298,000) 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 2014 and 31 December 2013 using the three-level hierarchy as defined in HKFRS 13.

- 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 2014</u>				
Recurring fair value measurement				
Assets				
Available-for-sale investments	3,845,365	–	–	3,845,365
Held for trading investments	<u>38,909</u>	<u>–</u>	<u>–</u>	<u>38,909</u>
	<u>3,884,274</u>	<u>–</u>	<u>–</u>	<u>3,884,274</u>
Liabilities				
Derivative financial instruments	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<u>31 December 2013</u>				
Recurring fair value measurement				
Assets				
Available-for-sale investments	3,291,572	–	–	3,291,572
Held for trading investments	<u>199,344</u>	<u>45,042</u>	<u>–</u>	<u>244,386</u>
	<u>3,490,916</u>	<u>45,042</u>	<u>–</u>	<u>3,535,958</u>
Liabilities				
Derivative financial instruments	<u>15</u>	<u>–</u>	<u>–</u>	<u>15</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 2013: 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 in Level 2 was quoted prices determined by financial institution or fund manager.

21. Events after the reporting period

As mentioned in the Company's announcement dated 18 July 2014, the Group proposed to dispose of all of its shares in IGB Corporation Berhad, available-for-sale investments of the Group, at consideration of approximately RM140 million to a connected person, subject to certain conditions being satisfied. The disposal would result in a gain of approximately RM42 million.

Interim Dividend

The Directors have resolved to declare an interim dividend of 5 HK cents per share for the year ending 31 December 2014 (2013: 5 HK cents per share) payable to shareholders of the Company (“Shareholders”) registered on 12 September 2014. Dividend warrants will be posted to Shareholders by 3 October 2014.

Closure of Register of Members

The Register of Members will be closed from 10 September to 12 September 2014, 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 Monday, 8 September 2014 with the Share Registrar of the Company, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

Management Discussion and Analysis

Results for the period

The Group recorded HK\$210 million turnover for the six months ended 30 June 2014, a 447% increase as compared with the last corresponding period. The increase was largely attributable to the increase in sales of held for trading investments.

Loss attributable to owners of the Company was HK\$9 million, a decrease of HK\$6 million as compared with the last corresponding period. The decrease was mainly due to the decrease in 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 held for trading investments, The Prime London Capital Fund of HK\$58 million, PetroChina Company Limited of HK\$88 million and Value Partners Classic Fund of HK\$44 million, sales of derivative financial instruments, stock options, of HK\$1 million and dividends from listed investments of HK\$3 million. In the first half of 2014, the Group acquired shares in PureCircle Limited, Gold IS Berhad and IGB Corporation Berhad at cost of HK\$258 million, HK\$21 million and HK\$27 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 1% to 1.75% 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 6.2%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2014.

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\$3,288 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2014, 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\$1,117 million.

Significant investments

The Group had interests in Gold IS Berhad and IGB Corporation Berhad, companies listed in Malaysia, and PureCircle Limited, a company listed in London. The market values of these investments as at 30 June 2014 were HK\$537 million, HK\$315 million and HK\$2,993 million respectively.

During the period, increase in fair value of investment in PureCircle Limited amounted to HK\$155 million.

Material acquisitions and disposals

During the period, the Group acquired listed shares in PureCircle Limited, a company listed in London, Gold IS Berhad and IGB Corporation Berhad, companies listed in Malaysia, at cost of HK\$258 million, HK\$21 million and HK\$27 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 2014, 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 2014, 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 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 Lee Hing Investment Company, Limited which is a subsidiary of the Company was 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 2014, 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 2014 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 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 six months ended 30 June 2014, 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 2014 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 2014, 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 15 April 2014 (the "2014 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 2014 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 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 2014.

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

Hong Kong, 12 August 2014

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.