

# LEE HING DEVELOPMENT LIMITED

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

Interim Report 2017

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 2017 as follows:

## Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2017

	Note	2017 HK\$’000 (Unaudited)	2016 HK\$’000 (Unaudited)
Revenue and income	3	3,142	40,989
Impairment loss on available-for-sale investments		–	(235,496)
Operating expenses		<u>(14,654)</u>	<u>(11,662)</u>
Operating loss before finance costs	5	(11,512)	(206,169)
Finance costs	6	<u>(7,690)</u>	<u>(8,606)</u>
Operating loss after finance costs		(19,202)	(214,775)
Share of results of associates		<u>(30)</u>	<u>(38)</u>
Loss before tax		(19,232)	(214,813)
Income tax	7	<u>(10)</u>	<u>(12)</u>
Loss attributable to owners of the Company		<u>(19,242)</u>	<u>(214,825)</u>
Loss per share (HK cents)	9		
Basic and diluted		<u>(13.07)</u>	<u>(145.86)</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 2017

	Note	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss attributable to owners of the Company		----- (19,242)	----- (214,825)
<b>Other comprehensive income/(loss)</b>	8		
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
net movements in investment revaluation reserve		745,313	(435,507)
Exchange differences on translation of financial statements of foreign subsidiaries and associates		----- 1,539	----- 3,540
		----- 746,852	----- (431,967)
Total comprehensive income/(loss) attributable to owners of the Company		===== 727,610	===== (646,792)

## Condensed Consolidated Statement of Financial Position

as at 30 June 2017

	Note	30.6.2017 HK\$'000 (Unaudited)	31.12.2016 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		79,378	79,643
Associates		27,956	26,690
Available-for-sale investments	11	2,239,770	1,486,257
Other non-current assets		2,158	2,055
		<u>2,349,262</u>	<u>1,594,645</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	4,250	15,939
Other assets		295	295
Accounts receivable, deposits and prepayments	13	152	467
Time deposits and bank balances		<u>4,275</u>	<u>16,444</u>
		<u>8,972</u>	<u>33,145</u>
<b>Current liabilities</b>			
Bank borrowings	14	217,144	232,202
Accounts payable, deposits and accruals	15	8,692	2,842
Current tax liabilities		6	–
Other payable		<u>348</u>	<u>348</u>
		<u>226,190</u>	<u>235,392</u>
Net current liabilities		<u>(217,218)</u>	<u>(202,247)</u>
Total assets less current liabilities		2,132,044	1,392,398
<b>Non-current liabilities</b>			
Bank borrowings	14	<u>176,279</u>	<u>156,881</u>
Net assets		<u>1,955,765</u>	<u>1,235,517</u>
<b>Equity</b>			
Share capital	16	717,808	717,808
Reserves		<u>1,237,957</u>	<u>517,709</u>
Total equity		<u>1,955,765</u>	<u>1,235,517</u>

## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017

	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1.1.2017	717,808	124,755	7,926	385,028	1,235,517
Loss for the period	-	-	-	(19,242)	(19,242)
Other comprehensive income for the period	-	745,313	1,539	-	746,852
Total comprehensive income for the period	-	745,313	1,539	(19,242)	727,610
2016 final dividend	-	-	-	(7,362)	(7,362)
	-	-	-	(7,362)	(7,362)
At 30.6.2017	717,808	870,068	9,465	358,424	1,955,765
At 1.1.2016	717,808	624,564	6,770	916,094	2,265,236
Loss for the period	-	-	-	(214,825)	(214,825)
Other comprehensive loss for the period	-	(435,507)	3,540	-	(431,967)
Total comprehensive loss for the period	-	(435,507)	3,540	(214,825)	(646,792)
Over-provision for dividend written back	-	-	-	4	4
2015 final dividend	-	-	-	(7,368)	(7,368)
Repurchase of shares	-	-	-	(572)	(572)
	-	-	-	(7,936)	(7,936)
At 30.6.2016	717,808	189,057	10,310	693,333	1,610,508

## Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2017

	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	3,814	(130)
Other cash flows arising from operating activities	<u>(4,967)</u>	<u>(5,850)</u>
Net cash used in operating activities	<u>(1,153)</u>	<u>(5,980)</u>
Cash flows from investing activities		
Purchase of available-for-sale investments	–	(104,637)
Other cash flows arising from investing activities	<u>11,826</u>	<u>82,265</u>
Net cash generated from/(used in) investing activities	<u>11,826</u>	<u>(22,372)</u>
Cash flows from financing activities		
(Decrease)/increase in bank loans	(10,510)	30,580
Other cash flows arising from financing activities	<u>–</u>	<u>(7,935)</u>
Net cash (used in)/generated from financing activities	<u>(10,510)</u>	<u>22,645</u>
Net increase/(decrease) in cash and cash equivalents	163	(5,707)
Cash and cash equivalents at the beginning of the period	(3,732)	(687)
Effect of foreign exchanges rate changes	<u>223</u>	<u>–</u>
Cash and cash equivalents at the end of the period	<u>(3,346)</u>	<u>(6,394)</u>
Analysis of the balances of cash and cash equivalents		
Time deposits and bank balances	4,275	27,611
Bank deposits pledged to banks	(78)	(26,758)
Bank overdrafts	<u>(7,543)</u>	<u>(7,247)</u>
	<u>(3,346)</u>	<u>(6,394)</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 2016 except for note 2 below.

The financial information relating to the financial year ended 31 December 2016 that is included in this interim report as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2. Adoption 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) which are effective for accounting periods beginning on or after 1 January 2017:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle – HKFRS 12, Disclosure of Interests in Other Entities

The adoption of the above new and revised HKFRSs has no material impact on these financial statements.

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 40 (Amendments)	Transfers of Investment Property	1 January 2018
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle except for HKFRS 12	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9, Financial Instruments with HKFRS 4, Insurance Contracts	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendments)	Clarification to HKFRS 15, Revenue from Contracts with Customers	1 January 2018



		Effective for accounting periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are required 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 the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), HKFRS 9 requires that 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 presented 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. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The Directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group undertakes a detailed review.

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. Revenue and income

Analysis of the Group's revenue and income is as follows:

	2017 HK\$'000	2016 HK\$'000
Net gain on disposals of available-for-sale investments	–	28,858
Net gain on financial assets at fair value through profit or loss	381	–
Dividends from listed investments	2,556	2,738
Interest income on financial assets not at fair value through profit or loss	171	22
Net exchange gain	–	9,227
Net gain on disposals of property, plant and equipment	–	122
Sundry income	34	22
	<u>3,142</u>	<u>40,989</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 revenue, segment results and assets to geographical location.

## 5. Operating loss before finance costs

	2017	2016
	HK\$'000	HK\$'000
Operating loss before finance costs is stated after charging/(crediting):		
Amortisation of leasehold land	228	228
Depreciation	358	360
Directors' emoluments (Note)	2,541	2,435
Impairment loss on amount due from an investee company	931	3,000
Net exchange loss/(gain)	6,334	(9,227)
Net gain on financial assets at fair value through profit or loss	(381)	–
Net gain on disposals of available-for-sale investments	–	(28,858)

Note:

The Group provided rent-free quarters to a Director. The estimated rental value of HK\$451,000 (2016: HK\$451,000) is not included in Directors' emoluments.

## 6. Finance costs

	2017	2016
	HK\$'000	HK\$'000
Interest expenses on financial liabilities not at fair value through profit or loss:		
interest on bank loans	5,546	6,363
interest on bank loan subject to a repayment on demand clause	1,968	1,660
interest on bank overdrafts	176	134
	<u>7,690</u>	<u>8,157</u>
Bank loan arrangement fees	<u>–</u>	<u>449</u>
	<u>7,690</u>	<u>8,606</u>

## 7. Income tax

	2017	2016
	HK\$'000	HK\$'000
Current tax		
Company and subsidiaries		
Overseas taxation	<u>10</u>	<u>12</u>

Overseas taxation is calculated at the rates prevailing in the relevant jurisdiction.

## 8. Other comprehensive income/(loss)

	2017	2016
	HK\$'000	HK\$'000
Changes in fair value of available-for-sale investments recognised during the period	745,313	(642,145)
Reclassification adjustments for amounts transferred to profit or loss:		
Net gain on disposals	–	(28,858)
Impairment loss	<u>–</u>	<u>235,496</u>
Net movements in investment revaluation reserve during the period recognised in other comprehensive income/(loss)	745,313	(435,507)
Exchange differences on translation of financial statements of foreign subsidiaries and associates	<u>1,539</u>	<u>3,540</u>
Other comprehensive income/(loss) for the period, net of tax	<u>746,852</u>	<u>(431,967)</u>

## 9. Loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$19,242,000 (2016: HK\$214,825,000) and the weighted average of 147,266,285 shares (2016: 147,278,175 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

	2017 HK\$'000	2016 HK\$'000
Interim dividend declared – 5 HK cents per share (2016: 5 HK cents per share)	<u>7,363</u>	<u>7,363</u>

## 11. Available-for-sale investments

	HK\$'000
At 1.1.2017	1,486,257
Changes in fair value recognised in investment revaluation reserve	745,313
Exchange differences recognised in translation reserve	<u>8,200</u>
At 30.6.2017	<u>2,239,770</u>

Exchange differences represent part of exchange differences arising from translation of financial statements of foreign entities.

## 12. Financial assets at fair value through profit or loss

	30.6.2017 HK\$'000	31.12.2016 HK\$'000
Unlisted investments, at fair value	<u>4,250</u>	<u>15,939</u>

### 13. Accounts receivable, deposits and prepayments

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

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
Other receivable and deposits	116	286
Prepayments	<u>36</u>	<u>181</u>
	<u>152</u>	<u>467</u>

No ageing analysis has been prepared as there was no trade receivable at 30 June 2017 (31 December 2016: Nil).

### 14. Bank borrowings

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
Secured bank overdrafts	7,543	8,272
Secured bank loans	275,710	250,342
Secured bank loans subject to a repayment on demand clause	<u>110,170</u>	<u>130,469</u>
	393,423	389,083
Less: current portion	<u>(217,144)</u>	<u>(232,202)</u>
Non-current portion	<u>176,279</u>	<u>156,881</u>

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

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
Within one year	201,623	144,311
After one year but within two years	53,699	79,860
After two years but within five years	125,538	151,971
After five years	<u>12,563</u>	<u>12,941</u>
	<u>393,423</u>	<u>389,083</u>

## 15. Accounts payable, deposits and accruals

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
Accounts payable, deposits and accruals	<u>8,692</u>	<u>2,842</u>

No ageing analysis has been prepared as there was no trade payable at 30 June 2017 (31 December 2016: Nil).

## 16. Share capital

	30.6.2017		31.12.2016	
	Number of shares ('000)	HK\$'000	Number of shares ('000)	HK\$'000
Issued and fully paid				
Balance at beginning of the period/year	147,266	717,808	147,352	717,808
Repurchase of shares	<u>—</u>	<u>—</u>	<u>(86)</u>	<u>—</u>
Balance at end of the period/year	<u>147,266</u>	<u>717,808</u>	<u>147,266</u>	<u>717,808</u>

## 17. Pledge of assets

The Group's leasehold land and buildings, certain available-for-sale investments and bank deposits with a total net book value of approximately HK\$2,269,000,000 (31.12.2016: approximately HK\$1,544,000,000) were pledged to banks to secure banking facilities granted to the Group.



## 18. Related party transactions

Detail of material transactions are as follows:

- (a) Advances of HK\$4,234,000 (31.12.2016: HK\$4,131,000) were provided by the Group to associates. Provision for impairment losses on such advances amounted to HK\$2,076,000 (31.12.2016: HK\$2,076,000).
- (b) Directors' emoluments are disclosed in note 5.

## 19. 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 2017 and 31 December 2016 using the three-level hierarchy as defined in HKFRS 13.

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3:	inputs that are unobservable inputs for the asset or liability.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<u>30 June 2017</u>				
Recurring fair value measurement				
Assets				
Available-for-sale investments	2,229,440	-	-	2,229,440
Financial assets at fair value through profit or loss	-	4,250	-	4,250
	<u>2,229,440</u>	<u>4,250</u>	<u>-</u>	<u>2,233,690</u>

31 December 2016

Recurring fair value measurement				
Assets				
Available-for-sale investments	1,475,927	-	-	1,475,927
Financial assets at fair value through profit or loss	-	15,939	-	15,939
	<u>1,475,927</u>	<u>15,939</u>	<u>-</u>	<u>1,491,866</u>

- (b) 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 2016: 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.
- (c) The fair value of financial assets at fair value through profit or loss in Level 2 is quoted price 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 2017 (2016: 5 HK cents per share) payable to shareholders of the Company (“Shareholders”) registered on 15 September 2017. Dividend warrants will be posted to Shareholders by 15 November 2017.

## **Closure of Register of Members**

The Register of Members will be closed from 13 September to 15 September 2017, 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, 12 September 2017 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\$3 million revenue and income for the six months ended 30 June 2017, a 92% decrease as compared with the last corresponding period. The substantial decrease was largely attributable to the decrease in net gain on disposals of available-for-sale investments.

Loss attributable to owners of the Company was HK\$19 million, a decrease of HK\$196 million as compared with the last corresponding period. The substantial decrease was mainly due to no impairment loss on available-for-sale investments as compared with impairment loss of HK\$235 million in last corresponding period.

### **Business review**

The Group is principally engaged in share investment and dealing.

During the period under review, the Group’s revenue and income were mainly attributable to the dividend income from listed preferences shares of Goldis Berhad of HK\$2.6 million and the net gain on financial assets at fair value through profit or loss of HK\$0.4 million. In the first half of 2017, the Group did not further acquire shares in PureCircle Limited and Goldis Berhad. However, 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 3.5% per annum above the bank's cost of fund, 1.25% to 2.7% per annum above HIBOR, 1% per annum below prime rate or 3% per annum above LIBOR.

The gearing ratio of the Group was 20%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2017.

### **Charges on Group's assets**

The Group's leasehold land and buildings, certain available-for-sale investments and bank deposits with a total net book value of approximately HK\$2,269 million were pledged to banks to secure banking facilities granted to the Group.

### **Contingent liabilities**

As at 30 June 2017, 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\$450 million.

### **Significant investments**

The Group had interests in listed shares of Goldis Berhad, a company listed in Malaysia, and PureCircle Limited, a company listed in London. As at 30 June 2017, the Group held 60,067,742 shares in Goldis Berhad, representing approximately 9.87% of the issued ordinary share capital of Goldis Berhad, and 45,430,820 shares in PureCircle Limited, representing approximately 26.16% of the issued ordinary share capital of PureCircle Limited. The market values of these investments as at 30 June 2017 were HK\$316 million (31 December 2016: HK\$261 million) and HK\$1,754 million (31 December 2016: HK\$1,085 million) respectively. The market prices of these shares as at 30 June 2017 were RM2.90 per share (31 December 2016: RM2.52 per share) and GBP3.80 per share (31 December 2016: GBP2.50 per share) respectively.

In addition to above, the Group also held 72,169,830 listed preference shares of Goldis Berhad, and its market value as at 30 June 2017 was HK\$159 million (31 December 2016: HK\$130 million). The market price of shares as at 30 June 2017 was RM1.21 per share (31 December 2016: RM1.04 per share).

PureCircle Limited is the world's leading producer and marketer of high purity stevia ingredients for the global food and beverage industry and its shares are listed on the Main Market of the London Stock Exchange. For information on PureCircle Limited and its business outlook and future prospects, please refer to information published by PureCircle Limited on its website at [www.purecircle.com](http://www.purecircle.com).

Goldis Berhad principally engages in property investment and management (both retail and commercial properties), property development and construction as well as hotel operations. The shares of Goldis Berhad are listed on the Main Market of Bursa Malaysia Securities Berhad. For information on Goldis Berhad and its business outlook and future prospects, please refer to information published by Goldis Berhad on its website at [www.goldis.com](http://www.goldis.com).

During the period, increase in value of PureCircle Limited, Goldis Berhad and preference shares of Goldis Berhad (recognised in investment revaluation reserve and translation reserve) amounted to HK\$669 million, HK\$55 million and HK\$29 million respectively. The increase was due to increase in market price of shares and appreciation of British Pound and Malaysian Ringgit.

#### **Material acquisitions and disposals**

During the period, there was no material acquisition or disposal.

#### **Foreign currency exposure**

The Group had major investments, accounts receivable, bank balances, accounts payable and bank loans denominated in Malaysian Ringgit, British Pound, Euro, Japanese Yen and Thai Baht, 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 2017, 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 2017, 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	1,469,000	10,000 (iii)	52,340,000 (i)(ii)(iv)	53,819,000	36.55
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) Zali International Limited held 14,386,000 shares (those shares were previously held by HK 1 Limited and were transferred to Zali International Limited on 27 March 2017). Mr. Tan Boon Seng has beneficial interest in Zali International Limited.
- (iii) The wife of Mr. Tan Boon Seng held 10,000 shares.
- (iv) 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 2017, 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 2017 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	53,819,000 (Note)	36.55
Petaling Garden (S) Pte. Limited	29,006,000	19.70

Note:

The 53,819,000 shares were held as to 1,469,000 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 Zali International Limited (those shares were previously held by HK 1 Limited and were transferred to Zali International Limited on 27 March 2017), and as to 35,854,000 shares by Zali Capital Limited. Wah Seong Enterprises Sdn. Bhd., Zali International Limited and Zali Capital Limited are beneficially owned by Mr. Tan Boon Seng.

## Purchase, Sale and Redemption of Listed Securities

During the six months ended 30 June 2017, 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 2017 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 2017, except for the following deviations from code provisions A.2.1, A.4.1, A.6.7 and C.2.5:

### 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 31 May 2017.

#### **Code provision C.2.5**

Under code provision C.2.5, the Group should have an internal audit function. During the period, the Group conducted a review on the need for setting up an internal audit department. Given the Group's simple operating structure and the potential cost burden, it was decided that the Group would not set up an internal audit department for the time being and the Audit Committee under the Board of Directors would be responsible for internal control and risk management of the Group and for reviewing their effectiveness.



## **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 2017.

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

Hong Kong, 16 August 2017

*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.*