LEI SHING HONG LIMITED
利星行有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 238)

ANNOUNCEMENT OF INTERIM RESULTS 2007

INTERIM RESULTS

The Board of Directors (the "Board") of Lei Shing Hong Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures as follows. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

Condensed Consolidated Income Statement
For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**11,958,417**	8,907,134
Cost of sales and services		**(10,800,417)**	(7,899,006)
Gross profit		**1,158,000**	1,008,128
Other income and gains		**101,884**	90,013
Selling and distribution costs		**(207,047)**	(151,362)
Administrative expenses		**(454,888)**	(379,449)
Other operating expenses		**(155,142)**	(126,504)
PROFIT FROM OPERATING ACTIVITIES		**442,807**	440,826
Finance costs	*4*	**(119,361)**	(95,243)
Share of profits and losses of associates		**306,098**	(4,176)
PROFIT BEFORE TAX	*5*	**629,544**	341,407
Tax	*6*	**(153,917)**	(135,951)
PROFIT FOR THE PERIOD		**475,627**	205,456
ATTRIBUTABLE TO:			
Equity holders of the parent		**425,038**	169,916
Minority interests		**50,589**	35,540
		475,627	205,456
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	*7*	**40.1 cents**	16.0 cents
DIVIDEND PER SHARE	*8*	**Nil**	Nil

Condensed Consolidated Balance Sheet
30 June 2007

	Notes	30 June 2007 (Unaudited) HK$'000	31 December 2006 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,981,791**	1,683,104
Investment properties		**644,971**	654,354
Prepaid land premiums		**279,908**	237,937
Properties under development		**1,472,138**	1,219,666
Goodwill		**682,383**	702,654
Other intangible asset		**1,650**	1,650
Interests in associates		**2,241,028**	1,981,043
Available-for-sale investments		**12,804**	9,921
Deferred tax assets		**17,744**	30,213
Net investments in finance leases		**23,747**	23,512
Loans and receivables		**271,110**	315,119
Total non-current assets		**7,629,274**	6,859,173
CURRENT ASSETS			
Inventories		**1,874,856**	2,786,488
Properties held for sale		**192,227**	840,215
Trade receivables	*9*	**1,630,700**	855,759
Bills receivable with full recourse		**80,332**	26,545
Net investments in finance leases		**50,207**	15,649
Loans and receivables		**299,471**	132,394
Prepaid land premiums		**3,858**	6,569
Prepayments, deposits and sundry receivables		**643,708**	1,053,935
Equity investments at fair value through profit or loss		**213,485**	28,207
Pledged time deposits		**26,911**	28,897
Cash and cash equivalents		**1,411,559**	1,383,276
Total current assets		**6,427,314**	7,157,934
CURRENT LIABILITIES			
Trade and bills payables	*10*	**1,302,093**	1,892,576
Sundry payables and accruals		**1,240,768**	1,865,182
Interest-bearing bank borrowings and other non interest-bearing borrowing		**2,824,909**	2,231,438
Bills discounted with full recourse		**80,332**	26,545
Tax payable		**252,655**	248,374
Provisions		**49,785**	46,458
Total current liabilities		**5,750,542**	6,310,573
NET CURRENT ASSETS		**676,772**	847,361
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,306,046**	7,706,534

	30 June 2007 (Unaudited) *HK$'000*	31 December 2006 (Audited) *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,454,488**	1,412,648
Deferred tax liabilities	**186,713**	209,262
Total non-current liabilities	**1,641,201**	1,621,910
Net assets	**6,664,845**	6,084,624
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**1,060,588**	1,060,588
Reserves	**5,226,412**	4,679,022
Proposed final dividend	**–**	31,818
	6,287,000	5,771,428
Minority interests	**377,845**	313,196
Total equity	**6,664,845**	6,084,624

Notes to Condensed Consolidated Interim Financial Statements

1. Accounting Policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting. The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the audited financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are applicable to the Group and are adopted for the first time for the current period's condensed consolidated interim financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The HKAS 1 Amendment will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital.

The HKFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates major disclosure requirements of HKAS 32.

The HK(IFRIC)-Int 7 addresses requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and requires an entity to restate its financial statements in accordance with HKAS 29.

The HK(IFRIC)-Int 8 addresses the application of HKFRS 2 to particular transactions in which the entity cannot identify specifically some or all of the goods or services received.

The HK(IFRIC)-Int 9 addresses the application of HKAS 39 that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, and prohibits subsequent reassessment throughout the life of the contract except for exceptional circumstances.

The HK(IFRIC)-Int 10 addresses the interaction between the requirements of HKAS 34 and the recognition of impairment losses on goodwill in HKAS 36 and certain financial assets in HKAS 39 and that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

There was no material impact on the basis of preparation of the unaudited condensed consolidated balance sheet and condensed consolidated income statement arising from the above-mentioned accounting standards.

2. Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, herein collectively referred to as the new HKFRSs, that have been issued but are not yet effective, in these condensed consolidated interim financial statements.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard supersedes HKAS 14 Segment Reporting under which segments were identified and reported on the basis of a risk and return analysis. Items were reported on the basis of the accounting policies used for external reporting. Under HKFRS 8, segments are components of an entity regularly reviewed by an entity's chief operating decision-maker or an authorised qualified staff of the entity. Items are reported based on internal reporting.

The HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HKAS 23 (Revised) shall be applied for annual periods beginning on or after 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Segment Information

An analysis of the Group's revenue and results by principal activities is as follows:

	Revenue for the six months ended 30 June		Results for the six months ended 30 June	
	2007	2006	**2007**	2006
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*
Trading of motor vehicles and spare parts and provision of after-sales services	**8,017,087**	6,217,946	**371,291**	336,390
Trading of heavy equipment and provision of product support services	**1,993,929**	1,490,857	**71,256**	56,577
Property development and investment	**824,780**	569,705	**3,672**	50,632
General trading	**1,110,267**	661,791	**8,153**	18,366
Securities broking and trading	**27,212**	31,525	**7,820**	(6,839)
Money lending	**16,863**	6,594	**2,540**	749
Others	**57,912**	42,477	**(20,992)**	(4,653)
	12,048,050	9,020,895	**443,740**	451,222
Intersegment eliminations	**(89,633)**	(113,761)	**(933)**	(10,396)
	11,958,417	8,907,134	**442,807**	440,826

An analysis of the Group's revenue by geographical area of operations is as follows:

	Revenue for the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	*HK\$'000*
People's Republic of China:		
Hong Kong	**308,601**	409,531
Mainland China	**8,585,378**	6,429,470
Other Asian regions	**3,064,438**	2,068,133
	11,958,417	8,907,134

4. Finance Costs

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	*HK\$'000*
Interest on borrowings wholly repayable within five years:		
Bank loans	**50,723**	58,433
Trust receipt loans	**61,195**	33,649
Bank overdrafts	**7,443**	3,161
Total interest	**119,361**	95,243

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**82,667**	62,138
Depreciation of investment properties	**4,882**	2,920
Recognition of prepaid land premiums	**3,324**	3,187
Release of goodwill upon sales of developed properties*	**20,261**	12,804
Impairment of trade receivables	**13,989**	14,199
Write-down of inventories to net realisable value	**7,333**	571
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	**(69)**	11,957
Dividend income from listed investments	**(4,749)**	(8,581)
Gain on disposal of items of property, plant and equipment	**(26,018)**	(67)
Net rental income	**(20,172)**	(17,123)
Interest income	**(40,991)**	(28,856)
Net gains on dealing in listed investments	**(13,155)**	(15,968)

* *Goodwill arising on acquisitions of subsidiaries whose principal activity is property development is released by reference to the sales of the related developed properties. The amount was included in "Other operating expenses" on the face of the condensed consolidated income statement.*

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income tax		
Current:		
Hong Kong	**2,040**	3,803
Elsewhere	**149,262**	139,675
Land appreciation tax	**1,758**	–
Deferred	**857**	(7,527)
Total tax charge for the period	**153,917**	135,951

The share of tax attributable to associates amounting to HK$143,883,000 (2006: HK$17,502,000) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

7. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculations of basic and diluted earnings per share for the six months ended 30 June 2007 and 2006 are based on:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent for the period, used in the basic and diluted earnings per share calculations	**425,038**	169,916

	Number of shares	
	2007	2006
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**1,060,588,288**	1,060,528,906

As the subscription prices of the share options outstanding during the six months ended 30 June 2007 and 2006 were higher than the respective average market prices of the Company's shares during these periods, there was no dilution effect on the basic earnings per share.

8. Dividend

At a meeting of the Board held on 20 September 2007, the directors resolved not to pay an interim dividend to shareholders for the six months ended 30 June 2007 (2006: Nil).

9. Trade Receivables

The Group has granted credit to substantially all its debtors ranging from 30-60 days. Due to certain trade patterns, a minority of debtors have been given a credit period of 90-150 days. The Group seeks to maintain strict control over its outstanding receivables and has credit control to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date and net of provisions, is as follows:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Current	**1,409,594**	613,089
0 – 3 months	**196,587**	230,735
4 – 6 months	**20,331**	8,154
7 – 12 months	**4,188**	2,720
Over 1 year	**–**	1,061
	1,630,700	855,759

10. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2007 (Unaudited) ***HK$'000***	31 December 2006 (Audited) *HK$'000*
Current	**1,192,339**	1,517,970
0 – 3 months	**55,680**	305,029
4 – 6 months	**54,074**	69,577
	1,302,093	1,892,576

Included in the trade and bills payables are trade payables of HK$639,465,000 (31 December 2006: HK$668,071,000) due to associates which are repayable within 15 days, which represents similar credit terms to those offered by the associates to their major customers. The trade payables are non interest-bearing and are normally settled on 60-day terms.

OPERATIONS REVIEW

For the six months ended 30 June 2007, Lei Shing Hong Limited ("LSH" or the "Group") delivered strong growth. Turnover reached HK$11,958 million representing an increase of 34% over the same period last year. Unaudited profit attributable to shareholders increased by 150% to HK$425 million, while earnings per share were 40.1 HK cents.

Automobile Division

For the period under review, our Automobile Division increased turnover by 29% compared with the first six months of 2006 with new car unit sales up almost 18% to 10,341 units.

Mainland China

Good progress was made in our strategy of expanding our network of dealerships in the Northern and Eastern regions of Mainland China. Our dealerships achieved a 17% increase in units reflecting growth in sales of the S-Class and C-Class and the introduction of the R-Class. Turnover from after-sales operations increased by 42% and this reflects the growth in the vehicle part and the opening of new service facilities. Commercial vehicle sales also showed strong growth albeit from a small base and included a significant increase in heavy commercial vehicle sales.

Taiwan

The Taiwan market suffered a decline with total passenger vehicle registrations being down by almost 16% and the luxury segment by 11%. Despite these difficult market conditions, sales of Mercedes-Benz passenger cars through DaimlerChrysler Taiwan were up 2% helped by the significant decline in "grey" market sales due to the more stringent homologation rules in Taiwan and exchange rate movements. Our retail business, Capital Motors Inc was able to grow with unit sales up by 1%. The outlook for the Mercedes-Benz sales in Taiwan in the second half is positive with the new C-Class launched in July 2007 generating a positive initial market response.

Korea

The Korean imported car market continued to grow strongly with registrations for the six months ended 30 June 2007 at 25,495 units up 26%. Our subsidiaries, Han Sung Motor Co Ltd and Busan Star Motor Co Ltd, achieved unit sales growth of almost 19%, with a particularly strong performance in Seoul. Stuttgart Sports Cars Limited, our Porsche importer/distributor/dealer once again delivered strong growth with registrations up by 80%, with the success of the face-lifted Cayenne contributing significantly to this. The overall outlook in Korea is positive with growth in the imported car segment expected to remain strong.

Vietnam

The Vietnam economy continues to grow strongly with rapid growth in the vehicle market. Sales of Mercedes-Benz in the first half of 2007 more than double compared to the first half of 2006. Our dealer Vietnam Star Automobile Limited grew its sales more than 3.5 times benefiting from strong fleet sales of the Sprinter van and the start up of the Hanoi Autohaus, which was officially opened in May 2007. We remain positive about both the short and longer-term prospects for the Vietnamese vehicle market.

Machinery Division

The Group's Machinery Division continues as a significant Caterpillar Dealer in China and, together with our Taiwan Caterpillar Dealer operations, has grown first half 2007 total revenues by 34% over the same period of 2006.

Mainland China

Lei Shing Hong Machinery Limited has grown by capitalising on the expanding market for earthmoving machines used for infrastructure development and increasing demand for engines. Additional machine models have become available from Caterpillar, including the locally produced models allowing us greater access to the general machine market.

The engine business growth has been significant in the Petroleum and Marine sectors while the initial period of sales for the newly acquired Perkins (Caterpillar-owned) line of industrial engines has also exceeded expectations and we are already on track to becoming the largest Perkins distributor in the Asia Pacific region.

Product Support remains as the cornerstone of our Machinery Division business and is continuing to grow strongly helped by our ongoing emphasis on manpower development and investments in world-class facilities. We have a healthy order book and the outlook for the rest of 2007 is positive.

Taiwan

Capital Machinery Limited, despite a slow machine market in Taiwan and restricted Caterpillar product availability, has grown revenues by 11% mainly due to increases in the Marine and Electric Power Generation business. The focus on Product Support and facility development has led to improved customer contact levels and more effective coverage of this market. The new Taichung facility is providing a base for further coverage improvement and is helping us to grow our machine repair/rebuild work in the central area.

Property Division

Our Property Division is engaged in the development of quality properties in Mainland China. The Group's major projects continue to be "Starcrest", a residential and commercial development in Beijing's Wangjing New City, Chaoyang District and "LSH Plaza", a major commercial development in the same district of Beijing.

Mainland China

The Property market remains under the spotlight of the Central Government who continues to introduce new measures to cool down the market. To date the new policies are impacting mainly on the high-end market with larger gross floor area and demand for smaller units is still strong with prices continuing to increase.

Sales of 92% of Starcrest Phase II were achieved during the period. Construction permits were granted for both Phase III and Phase IV with construction expected to be completed by the middle of 2008. Our commercial project in Beijing, LSH Plaza, is progressing well. Super structure for the three towers was completed in the first half of the year and we are now installing the curtain wall and working on the interior design and landscaping. We anticipate that the project will be completed in the second half of 2007.

The Group continues to foresee excellent long-term growth potential in Mainland China's property sector. We are now actively pursuing opportunities to expand our land bank of suitable sites for future property developments.

Trading Division

The Group's Trading Division specialises in commodity-based products, watch components, fertiliser trading and trade financing, with our operations being based in Hong Kong, Singapore and China.

The first half performance saw external sales up strongly compared with the first half of 2006 benefiting from a major sales and trade financing project for the purchase and supply of shipbuilding equipment in Singapore. Commodity-based products sales benefited from higher prices although demand has weakened in the second half. Watch component sales were weak, reflecting fierce competition, declining unit prices and the Yen weakness.

Demand for fertilisers has improved largely driven by the excellent commodity price of palm oil and is expected to continue to grow in the second half of 2007.

Financial Services Division

The Group's Financial Services Division is engaged in portfolio management, share trading and services, securities brokerage including margin financing and term loan, property and marine financing.

The performance of our securities brokerage business benefited from increased trading volumes in the Hong Kong market due to a rising market and a significant number of Initial Public Offerings (IPOs).

Our proprietary share trading business continued to benefit from improved market conditions in Asia. Our loan portfolio continued to grow in the first half of 2007 following the key appointments made in 2006 and the general expansion of our credit operations. Further growth is targeted for the second half of 2007.

We are monitoring closely the impact of the US sub-prime mortgage fall out on Asia and to date there has been no significant implications for LSH apart from the increased volatility in stock markets.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's financial position remains sound. As at 30 June 2007, the Group's shareholders' funds increased by 9% to HK$6,287 million as compared to HK$5,771 million at 31 December 2006.

As at 30 June 2007, the Group's total banking facilities stood at HK$9,592 million (31 December 2006: HK$8,933 million) of which bank loans amounted to HK$4,236 million (31 December 2006: HK$3,508 million). The increase in borrowings for the period reflected ongoing investment and capital expenditure for business expansion. The Group has sufficient financial resources and adequate banking facilities to fund its ongoing operations, including capital expenditure in the second half of 2007.

The maturity profiles of the Group's bank loans are:

	HK$ million
Within one year	2,823
In the second year	745
In the third to fifth years, inclusive	668

Gearing and Interest Cover

At 30 June 2007, the Group's gearing ratio measured on the basis of total debts to equity was 69% against 63% at 31 December 2006 with the increase due to capital expenditure. Finance costs for the period ended 30 June 2007 were covered 8.4 times by EBITDA (including associates' profit before tax) as compared to 5.6 times for the period ended 30 June 2006.

Interest Rates and Foreign Currency Exposure

The Group's financing and treasury activities are monitored by a Central Treasury at the corporate level. The Central Treasury structures to match the tenure of its borrowings with its assets and liabilities. The Group also aims to minimise its risks of currency exposure in its Trading and Distribution businesses by matching the currency of importing with the selling currency and buying forward, through hedging mechanisms, where appropriate.

Contingent Liabilities

At 30 June 2007, the Group had contingent liabilities in respect of performance guarantees given to banks for certain customers amounting to HK$139,340,000 (31 December 2006: HK$120,640,000).

PROSPECTS

The strong first half has put us well on track for achieving solid growth for the full year. We anticipate the second half to be slower than the first due to the timing of property sales within our Property Division, a lower contribution from our associate, Mercedes-Benz (China) Limited and the fact that the first half benefited from some one offs including profit on sales of a property in Korea.

We are confident that the economic outlook for Asia and for China in particular will remain strong. We have a strong portfolio of businesses and are continuing to invest heavily in growing our business so as to take advantage of the opportunities being presented.

EMPLOYMENT POLICY

The Group has a professional and motivated workforce. It provides competitive remuneration packages to attract and retain the high quality employees that are an important ingredient in its continuing success. The Group's policy is to ensure rewards levels are market competitive. We evaluate our remuneration policies to ensure they are competitive. As part of an annual review of remuneration, we pay a discretionary bonus that reflects the performance and contribution of each staff member. The Group also provides additional benefits including medical insurance and, if any employee so chooses, an alternative retirement benefit scheme to the Mandatory Provident Fund. The Group is also active in training and development at all levels to ensure employees have the necessary skills and knowledge to fulfill their responsibilities in a professional manner.

APPOINTMENT OF DIRECTOR

Mr. David Park was appointed as an executive director and chairman of the Board of the Company on 1 March 2007.

POST BALANCE SHEET EVENT

The Board published an announcement on 24 July 2007 (the "Announcement") regarding a possible privatisation of the Company. The Company received a letter dated 23 July 2007 (the "Letter") from a substantial shareholder, Amerdale Investments Limited, which has expressed an interest to put forward a privatisation proposal for the Company which if successful would lead to a withdrawal of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the Letter, Amerdale Investments Limited has informed the Company that another substantial shareholder, Victon Investment Limited, has indicated an intention to join Amerdale Investments Limited in making a possible privatisation proposal. There is no certainty that any offer will be made. The Company understands from the substantial shareholders that, if made, a privatisation offer is likely to be made in the next four months from the date of the Announcement. The Company will make further announcements regarding the privatisation proposal as and when appropriate or required by applicable rules and regulations.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the six months ended 30 June 2007, save for the following deviations from code provisions A.2.1 and A.4.1 as summarised below:

(1) Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company did not separate the roles of the chairman and the chief executive officer prior to 1 March 2007. As a deviation from the CG Code, the roles of the chairman and the chief executive officer were not separate and were performed by Mr. Gan Khian Seng, the managing director of the Company. Following the appointment of Mr. David Park as an executive director of the Company and the chairman of the Board on 1 March 2007, the roles of the chairman and chief executive officer have been segregated. Mr. David Park, the chairman of the Board, is responsible for the leadership and effective running of the Board. Mr. Gan Khian Seng, the managing director, is responsible for the implementation of policies and strategies approved by the Board and the day-to-day management of the business of the Group. The Company has complied with code A.2.1 of the CG Code as from 1 March 2007.

(2) 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 non-executive directors of the Company was appointed for a specific term prior to 22 May 2007. However, all directors of the Company are subject to retirement by rotation and be eligible for re-election at annual general meetings in accordance with the provisions of the Company's articles of association. On 19 April 2007, the Board resolved to fix the term of service of non-executive directors of the Company for a period not exceeding three years and subsequently on 22 May 2007, the Company entered into service contracts with the non-executive directors. As such, the Company has complied with code A.4.1 of the CG code as from 22 May 2007.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made to all directors of the Company, who have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2007. Relevant employees who are likely to be in possession of unpublished price sensitive information of the Company are also subject to compliance with written guidelines on no less exacting terms than the Model Code during the six months ended 30 June 2007. No incident of non-compliance by relevant employees was noted by the Company for the six months ended 30 June 2007.

AUDIT COMMITTEE

The Company has established an Audit Committee to review and monitor the financial reporting process and internal control of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters including the review of the interim report and the unaudited condensed consolidated financial statements for the six months ended 30 June 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.lsh.com) and Stock Exchange (www.hkex.com.hk). The interim report 2007 will be despatched to shareholders of the Company and made available on the above websites on or around 28 September 2007.

By Order of the Board
Lei Shing Hong Limited
Lim Mooi Ying, Marianne
Executive Director

Hong Kong, 20 September 2007

As at the date of this announcement, the executive directors of the Company are Mr. David Park, Mr. Gan Khian Seng, Mr. Yong Foo San and Ms. Lim Mooi Ying, Marianne; the non-executive directors are Mr. Victor Yang, Mr. Christopher Patrick Langley and Mr. Lam Kwong Yu; and the independent non-executive directors are Mr. Fung Ka Pun, Mr. Hubert Meier and Mr. Alan Howard Smith.