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LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code : 68)

CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020 as follows:

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2020

| | Note | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
|--|------|---------------------------------|---------------------------------|
| Revenue and income | 3 | 3,362 | 4,843 |
| Unrealised gain on derivative financial instruments | | 248 | - |
| Unrealised loss on financial assets at fair value through profit or loss – listed investments | | (220,893) | (53,307) |
| Operating expenses | | <u>(37,897)</u> | <u>(9,641)</u> |
| Operating loss before finance costs | 5 | (255,180) | (58,105) |
| Finance costs | 6 | <u>(5,135)</u> | <u>(10,600)</u> |
| Operating loss after finance costs | | (260,315) | (68,705) |
| Share of results of associates | | <u>(37)</u> | <u>(20)</u> |
| Loss before tax | | (260,352) | (68,725) |
| Income tax | 7 | <u>(13)</u> | - |
| Loss attributable to owners of the Company | | <u><u>(260,365)</u></u> | <u><u>(68,725)</u></u> |
| Loss per share (HK cents) | 9 | | |
| Basic and diluted | | <u><u>(177.38)</u></u> | <u><u>(46.82)</u></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 2020

| | Note | 2020 HK\$'000 (Unaudited) | 2019 HK\$'000 (Unaudited) |
|--|------|---------------------------------|---------------------------------|
| Loss attributable to owners of the Company | | (<u>260,365</u>) | (<u>68,725</u>) |
| Other comprehensive (loss) / income | 8 | | |
| Items that will not be reclassified to profit or loss: | | | |
| Gain on revaluation of properties at the date of change in use | | - | 15,999 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | | (<u>4,213</u>) | <u>1,526</u> |
| | | (<u>4,213</u>) | <u>17,525</u> |
| Total comprehensive loss attributable to owners of the Company | | (<u>264,578</u>) | (<u>51,200</u>) |

Condensed Consolidated Statement of Financial Position

as at 30 June 2020

| | Note | 30 June 2020 HK\$'000 (Unaudited) | 31 December 2019 HK\$'000 (Audited) |
|---|------|---|---|
| Non-current assets | | | |
| Investment properties | | 55,000 | 55,000 |
| Property, plant and equipment | | 29,932 | 30,268 |
| Associates | | 26,438 | 27,387 |
| Financial assets at fair value through profit or loss | 11 | 602,638 | 806,120 |
| Financial assets at fair value through other comprehensive income | 12 | 8,417 | 8,417 |
| Other non-current assets | | - | - |
| | | <u>722,425</u> | <u>927,192</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 13 | - | 48,021 |
| Derivative financial instruments | | 248 | 11,276 |
| Other assets | | 295 | 295 |
| Accounts receivable, deposits and prepayments | 14 | 1,142 | 843 |
| Time deposits and bank balances | | 4,235 | 7,203 |
| | | <u>5,920</u> | <u>67,638</u> |
| Current liabilities | | | |
| Bank borrowings | 15 | 127,179 | 220,388 |
| Accounts payable, deposits and accruals | 16 | 1,611 | 2,801 |
| Other payable | | 348 | 348 |
| Current tax liabilities | | 5 | 13 |
| | | <u>129,143</u> | <u>223,550</u> |
| Net current liabilities | | <u>(123,223)</u> | <u>(155,912)</u> |
| Total assets less current liabilities | | 599,202 | 771,280 |
| Non-current liabilities | | | |
| Bank borrowings | 15 | <u>92,500</u> | <u>-</u> |
| Net assets | | <u>506,702</u> | <u>771,280</u> |
| Equity | | | |
| Share capital | 17 | 717,808 | 717,808 |
| Reserves | 18 | <u>(211,106)</u> | <u>53,472</u> |
| Total equity | | <u>506,702</u> | <u>771,280</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 2019.

The financial information relating to the financial year ended 31 December 2019 that is included in this announcement 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 2019 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 qualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance and contained a statement under section 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 2020:

| | |
|--|-----------------------------------|
| HKAS 1 and HKAS 8 (Amendments) | Definition of Material |
| HKFRS 3 (Amendments) | Definition of a Business |
| HKFRS 9, HKAS 39 and HKFRS 7 (Amendments) | Interest Rate Benchmark Reform |

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 16 (Amendments) | Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| HKAS 37 (Amendments) | Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| HKFRSs (Amendments) | Annual Improvements to HKFRSs 2018-2020 | 1 January 2022 |
| HKFRS 3 (Amendments) | Reference to the Conceptual Framework | 1 January 2022 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| HKFRS 16 (Amendment) | Covid-19 – Related Rent Concessions | 1 June 2020 |
| HKFRS 17 | Insurance Contracts | 1 January 2021 |

The Group has already commenced an assessment of the impact of 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:

| | 2020 HK\$'000 | 2019 HK\$'000 |
|---|------------------|------------------|
| Net gain on financial assets at fair value through profit or loss - unlisted investments | - | 13 |
| Net gain on financial assets at fair value through profit or loss - listed investments | - | 844 |
| Dividends from listed investments | 2,668 | 2,665 |
| Interest income on financial assets not at fair value through profit or loss | 30 | 109 |
| Net exchange gain | 117 | 790 |
| Rental income | 528 | 332 |
| Sundry income | 1 | - |
| Write back of impairment losses on amount due from an investee company | 18 | 90 |
| | <u>3,362</u> | <u>4,843</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.

Business segment

The Group comprises the following segments:

Share investment and dealing - investment in listed and unlisted securities, purchases and sales of listed securities

Other operation - property investment

| | Share investment and dealing | | Other operation | | Consolidated | |
|--|---------------------------------|------------------|------------------|------------------|-------------------|------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 |
| Segment revenue and income | | | | | | |
| Revenue and income | <u>2,834</u> | <u>4,511</u> | <u>528</u> | <u>332</u> | <u>3,362</u> | <u>4,843</u> |
| Total revenue and income | <u>2,834</u> | <u>4,511</u> | <u>528</u> | <u>332</u> | <u>3,362</u> | <u>4,843</u> |
| Segment results | <u>(260,201)</u> | <u>(68,515)</u> | <u>(114)</u> | <u>(190)</u> | <u>(260,315)</u> | <u>(68,705)</u> |
| Share of results of associates | | | | | <u>(37)</u> | <u>(20)</u> |
| Loss before tax | | | | | <u>(260,352)</u> | <u>(68,725)</u> |
| Income tax | | | | | <u>(13)</u> | <u>-</u> |
| Loss attributable to owners of the Company | | | | | <u>(260,365)</u> | <u>(68,725)</u> |

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|--------------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|
| Segment assets | 632,552 | 897,817 | 55,251 | 55,522 | 687,803 | 953,339 |
| Associates | | | | | 26,438 | 27,387 |
| Unallocated assets | | | | | 14,104 | 14,104 |
| Total assets | | | | | <u>728,345</u> | <u>994,830</u> |
| Segment liabilities | 195,688 | 197,169 | 25,950 | 26,368 | 221,638 | 223,537 |
| Unallocated liabilities | | | | | 5 | 13 |
| Total liabilities | | | | | <u>221,643</u> | <u>223,550</u> |
| Other segment information | 2020 HK\$'000 | 2019 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 | 2020 HK\$'000 | 2019 HK\$'000 |
| Depreciation | 203 | 239 | 132 | 97 | 335 | 336 |
| Amortisation of leasehold land | 8 | 66 | - | - | 8 | 66 |

Geographical information

Analysis of the Group's revenue and income, and non-current assets (excluding financial instruments) by geographical location is as follows:

| | Revenue and income | | Non-current assets | |
|-----------|--------------------|------------------|--------------------------|------------------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
| Hong Kong | 533 | 350 | 70,828 | 70,826 |
| Malaysia | 2,694 | 3,574 | - | - |
| Thailand | - | - | 24,126 | 25,351 |
| Japan | - | - | 14,104 | 14,104 |
| Others | 135 | 919 | - | - |
| | <u>3,362</u> | <u>4,843</u> | <u>109,058</u> | <u>110,281</u> |

5. Operating loss before finance costs

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--|------------------|------------------|
| Operating loss before finance costs is stated after charging / (crediting): | | |
| Amortisation of leasehold land | 8 | 66 |
| Depreciation | 335 | 336 |
| Directors' emoluments | 3,761 | 4,563 |
| Net loss on derivative financial instruments | 11,246 | - |
| Net loss / (gain) on financial assets at fair value through profit or loss – listed investments | 18,825 (| 844) |
| Write back of impairment losses on amount due from an investee company | (18) (| 90) |
| Net exchange gain | (117) (| 790) |
| Net gain on financial assets at fair value through profit or loss – unlisted investments | - (| 13) |

6. Finance costs

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--|---------------------|----------------------|
| Interest expenses on financial liabilities not at fair value through profit or loss: | | |
| interest on bank loans | 4,712 | 9,998 |
| interest on bank overdrafts | <u>139</u> | <u>127</u> |
| | 4,851 | 10,125 |
| Bank loan arrangement fees and bank charges | <u>284</u> | <u>475</u> |
| | <u><u>5,135</u></u> | <u><u>10,600</u></u> |

7. Income tax

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--------------------------|------------------|------------------|
| Current tax | | |
| Company and subsidiaries | | |
| Overseas taxation | <u>13</u> | <u>-</u> |

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions (2019: Nil).

8. Other comprehensive (loss) / income

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--|-----------------------|----------------------|
| Gain on revaluation of properties at the date of change in use | - | 15,999 |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | <u>(4,213)</u> | <u>1,526</u> |
| Other comprehensive (loss) / income for the period, net of tax | <u><u>(4,213)</u></u> | <u><u>17,525</u></u> |

9. Loss per share

The calculation of basic loss per share is based on loss attributable to owners of the Company of HK\$260,365,000 (2019: HK\$68,725,000) and the weighted average of 146,781,285 shares (2019: 146,781,285 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

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--|------------------|------------------|
| Interim dividend declared – Nil per share (2019: Nil per share) | - | - |

11. Financial assets at fair value through profit or loss

| | HK\$'000 |
|--|----------------|
| At 1 January 2020 | 806,120 |
| Conversion | 48,021 |
| Disposals | (6,505) |
| Changes in fair value recognised in profit or loss | (237,285) |
| Exchange differences recognised in translation reserve | (7,713) |
| At 30 June 2020 | <u>602,638</u> |

Financial assets at fair value through profit or loss are equity securities listed overseas and stated at fair value. Exchange differences represent part of exchange differences arising from translation of financial statements of foreign entities.

12. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are unlisted equity securities and stated at fair value.

13. Financial assets at fair value through profit or loss

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|-------------|--------------------------|------------------------------|
| Call option | - | 48,021 |

14. Accounts receivable, deposits and prepayments

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|-------------------------------|--------------------------|------------------------------|
| Trade receivable | | |
| Within 30 days | 88 | - |
| Other receivable and deposits | 1,054 | 683 |
| Prepayments | - | 160 |
| | <u>1,142</u> | <u>843</u> |

15. Bank borrowings

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|--|--------------------------|------------------------------|
| Secured bank overdrafts | 9,164 | 3,603 |
| Secured bank loans | 92,500 | 98,281 |
| Secured bank loans subject to a repayment on demand clause | <u>118,015</u> | <u>118,504</u> |
| | 219,679 | 220,388 |
| Less : current portion | (<u>127,179</u>) | (<u>220,388</u>) |
| Non-current portion | <u>92,500</u> | <u>-</u> |

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

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|---------------------------------------|--------------------------|------------------------------|
| Within one year | 113,522 | 206,359 |
| After one year but within two years | 706 | 652 |
| After two years but within five years | 94,707 | 2,053 |
| After five years | <u>10,744</u> | <u>11,324</u> |
| | <u>219,679</u> | <u>220,388</u> |

16. Accounts payable, deposits and accruals

| | 30 June 2020 HK\$'000 | 31 December 2019 HK\$'000 |
|---|--------------------------|------------------------------|
| Accounts payable, deposits and accruals | <u>1,611</u> | <u>2,801</u> |

No ageing analysis has been prepared as there was no trade payable at 30 June 2020 (31 December 2019: Nil).

17. Share capital

| | Number of shares ('000) | HK\$'000 | Number of shares ('000) | HK\$'000 |
|--------------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| Issued and fully paid | | | | |
| At 30 June 2020 and 31 December 2019 | <u>146,781</u> | <u>717,808</u> | <u>146,781</u> | <u>717,808</u> |

18. Reserves

Movements in reserves are as follows:

| | Investment revaluation reserve HK\$'000 | Translation reserve HK\$'000 | Property revaluation reserve HK\$'000 | Retained profits/ (accumulated losses) HK\$'000 | Total HK\$'000 |
|--|--|------------------------------------|--|---|-------------------|
| At 1 January 2020 | (1,913) | 11,774 | 15,999 | 27,612 | 53,472 |
| Loss for the period | - | - | - | (260,365) | (260,365) |
| Other comprehensive loss for the period | | | | | |
| Exchange differences on translation of financial statements of foreign subsidiaries and associates | - | (4,213) | - | - | (4,213) |
| Total comprehensive loss for the period | - | (4,213) | - | (260,365) | (264,578) |
| At 30 June 2020 | (1,913) | 7,561 | 15,999 | (232,753) | (211,106) |

19. Events after the reporting period

The entire ordinary shares of PureCircle Limited held by the Group have been disposed of in exchange with cash and shares of Ingredion SRSS Holdings Limited. Details of which are described in the announcement and circular of the Company dated 15 April 2020 and 23 July 2020 respectively.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the year ending 31 December 2020 (2019: Nil).

Management Discussion and Analysis

Results for the period

The Group recorded HK\$3 million revenue and income for the six months ended 30 June 2020, a 31% decrease as compared with the last corresponding period. The decrease was largely attributable to decrease in net gain on financial assets at fair value through profit or loss – listed investments and net exchange gain.

Loss attributable to owners of the Company was HK\$260 million, an increase of HK\$192 million as compared with the last corresponding period. The substantial increase was mainly due to increase in unrealised loss on financial assets at fair value through profit or loss – listed investments of HK\$168 million.

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 IGB Berhad of HK\$2.7 million, and rental income of HK\$0.5 million. In the first half of 2020, preference shares of IGB Berhad of HK\$154.4 million were converted into ordinary shares of IGB Berhad. Call option of HK\$48.1 million was also converted into ordinary shares of PureCircle Limited.

It is expected that the operating performance of the Group will continue to be affected by the outbreak of COVID-19 in the near term and will further weaken in 2020.

Financial resources and liquidity

The Group's borrowings were secured bank loans and overdrafts. With respect to interest rate structure of the borrowings, interest rates were 1.35% to 1.5% 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% to 3.75% per annum above LIBOR.

The gearing ratio of the Group was 43%. The computation is based on total borrowings of the Group divided by total equity as at 30 June 2020.

Charges on Group's assets

The Group's leasehold land and buildings, investment properties, certain financial assets at fair value through profit or loss and bank deposits with a total net book value of approximately HK\$633 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

As at 30 June 2020, 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\$247 million.

Significant investments

The following table sets out information regarding the Group's significant investments classified as financial assets at fair value through profit or loss:

| Name of the investee company | <u>Equity interest held as at 30 June 2020</u> | <u>Cost of investment</u> | <u>Fair value as at 30 June 2020</u> | <u>Percentage to total assets</u> |
|-------------------------------------|--|----------------------------------|---|--|
| PureCircle Limited | 45,392,610 ordinary shares, representing approximately 24.594% of the issued share capital (31 December 2019: 22.67%) | HK\$1,632 million | HK\$430.9 million (GBP 0.995 per share) | 59.2% |
| IGB Berhad | 35,560,422 ordinary shares, representing approximately 4.065% of the ordinary shares in issue (31 December 2019: 1.6%) | HK\$132 million | HK\$171.8 million (RM2.67 per share) | 23.6% |

The following table sets out the movement of the financial assets at fair value through profit or loss during the six months ended 30 June 2020:

| <u>Name of the investee company</u> | <u>Disposals /conversion during the six months ended 30 June 2020</u> | <u>Disposal proceeds</u> | <u>Loss on disposals</u> | <u>Dividend received during the period</u> |
|-------------------------------------|---|---|--|--|
| PureCircle Limited | Conversion of 3,581,394 ordinary shares (Note) | - | - | - |
| IGB Berhad | Disposal of 950,000 ordinary shares | Proceeds in the amount of HK\$4.1 million | Loss on disposals in the amount of HK\$2.4 million | Received dividend in the amount of HK\$2.7 million on the preference shares. |
| | Conversion of 25,611,371 ordinary shares from preference shares | - | - | - |

Note

3,581,394 units of call option in the amount of HK\$48.1 million were converted into ordinary shares of PureCircle Limited.

The following table sets out the change in fair value of the financial assets at fair value through profit or loss during the six months ended 30 June 2020:

| Name of investee company | Fair value as at 31 December 2019 | Conversion | Disposals | Translation reserve | Change in fair value recognised in the profit or loss | Fair value as at 30 June 2020 |
|---------------------------------------|--|---------------------|-------------------|----------------------------|--|--------------------------------------|
| PureCircle Limited | HK\$560.6 million | HK\$48.1 million | - | - | (HK\$177.8 million) | HK\$430.9 million |
| IGB Berhad – ordinary shares | HK\$74.7 million | HK\$154.4 million | (HK\$6.5 million) | (HK\$7.7 million) | (HK\$43.1 million) | HK\$171.8 million |
| IGB Berhad - preference shares | HK\$170.8 million | (HK\$154.4 million) | - | - | (HK\$16.4 million) | - |

PureCircle Limited produces and distributes stevia sweeteners and flavors to food and beverages industry worldwide.

IGB Berhad is principally an investment holding company engaged in property investment and management, retail, hotel operations and construction. It also has private equity investments in the field of information and communications technology and water/wastewater treatment.

The Group has no control or influence over PureCircle Limited and IGB Berhad, hence, for the business performance, factors which may affect the share price and business outlook and future prospects of the two companies, shareholders and potential investors should refer to information published on the two websites, www.purecircle.com and www.igbbhd.com.

Depending on the market conditions and the availability of funding, the Group may acquire additional shares or dispose of some of its interest in IGB Berhad.

Material acquisitions and disposals

During the period, call option of HK\$48.1 million and preference shares of IGB Berhad of HK\$154.4 million were converted into ordinary shares of PureCircle Limited and IGB Berhad respectively.

During the period, the Group disposed of shares in IGB Berhad with carrying amount of HK\$6.5 million at consideration of HK\$4.1 million and resulted in a loss of HK\$2.4 million.

Foreign currency exposure

The Group had major investments, accounts receivable, bank balances, accounts payable and bank loans denominated in Malaysian Ringgit, British Pound, 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 2020, the Group's number of staff was 9. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.

Purchase, Sale and Redemption of Listed Securities

During the six months ended 30 June 2020, 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 2020 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 2020, 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. Three members of the Independent Non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 13 May 2020.

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 2020.

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

Hong Kong, 14 August 2020

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.

Please refer to the electronic version of this announcement on the website of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") (<http://www.hkex.com.hk>) and the website of the Company (<http://www.lhd.com.hk>). An interim report for the six months ended 30 June 2020 containing all the applicable information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and published on the website of the Stock Exchange and on the website of the Company in due course.