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LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

POSSIBLE DISCLOSEABLE TRANSACTION IN RELATION TO POSSIBLE DISPOSAL OF SHARES IN IGB BERHAD

PROPOSED DISPOSAL

The Group holds IGB Shares as one of its significant investments which are classified as financial assets at fair value through profit and loss in the Group's consolidated accounts. Depending on the market conditions and the availability of funding to the Group, the Group may from time to time in its ordinary and usual course of business dispose of IGB Shares held by it through on market transactions on Bursa Malaysia or through private placements by way of block trade(s) conducted through reputable financial institutions in Malaysia as placing agents. The Group intends to conduct the Proposed Disposal of all or part of the IGB Shares held by it in accordance with the parameters set out in this announcement. It is intended that the Group will dispose of IGB Shares to third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal (based on the aggregate annual monetary cap of HK\$30,000,000 as mentioned in this announcement below) is above 5% but all such applicable percentage ratios are less than 25%, the Proposed Disposal will constitute a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In the event that the Company is aware that the counterparty who is to take up any IGB Shares under the Proposed Disposal is a connected person of the Company, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules in respect of such disposal.

The actual number of IGB Shares disposed of under the Proposed Disposal, together with the date(s) of disposal and the disposal price(s) per IGB Share, during the six months ending 30 June 2021 and those during the financial year ending 31 December 2021 will be disclosed in the Company's interim report and annual report for 2021 respectively.

PROPOSED DISPOSAL

The Group holds IGB Shares as one of its significant investments which are classified as financial assets at fair value through profit and loss in the Group's consolidated accounts. Depending on the market conditions and the availability of funding, the Group may from time to time in its ordinary and usual course of business dispose of IGB Shares held by it through on market transactions on Bursa Malaysia or through private placements by way of block trade(s) conducted through financial institutions in Malaysia as placing agents. The Group intends to conduct the Proposed Disposal of all or part of the IGB Shares held by it in accordance with the parameters set out in this announcement. It is intended that the Group will dispose of IGB Shares to third parties independent of the Company and its connected persons.

Parameters of the Proposed Disposal

As at the date of this announcement, the Group (through Wang Tak and WTMSB) beneficially owns a total of 35,829,816 IGB Shares, which are listed on the main market of Bursa Malaysia and represent approximately 4.065% of the total number of IGB Shares in issue as at the date of this announcement according to publicly available information.

The Group proposes to proceed with the Proposed Disposal in accordance with the following parameters:

1. *Methods:* The Group shall dispose of all or part of the IGB Shares held by it (and any future bonus issue entitlement) through either (i) on-market transactions on Bursa Malaysia; or (ii) private placements by way of block trade(s) conducted through reputable financial institutions in Malaysia as placing agents for disposals of IGB Shares in large quantity. The Group will receive the consideration for the disposal of the IGB Shares in cash.
2. *Minimum selling price:*
 - (a) Where disposed through on-market transactions on Bursa Malaysia, the selling price per IGB Share shall be the market price at the relevant time, but in any event shall be not lower than a price representing more than 5% discount to the closing price per IGB Share as quoted on Bursa Malaysia on the immediately preceding trading day; or
 - (b) where disposed through private placements by way of block trade(s) conducted through financial institutions in Malaysia as placing agents, the selling price per IGB Share shall be not lower than a price representing more than 5% discount to the closing price per IGB Share as quoted on Bursa Malaysia on the immediately preceding trading day,

provided that in any event the minimum selling price per IGB Share shall be not lower than RM2.28 (equivalent to approximately HK\$4.36) to maintain the security cover ratio under certain banking facilities of the Group.

3. *Maximum aggregate transaction amount:* The Proposed Disposal shall be subject to an aggregate monetary cap in the sum of HK\$30,000,000 for the financial year ending 31 December 2021.

Basis for determination the minimum selling price and the maximum aggregate transaction amount

The Directors consider that the 5% discount to the closing price per IGB Share of the immediately preceding trading day will give flexibility to the Directors to accommodate fluctuations in the market price of the IGB Shares when assessing and deciding whether to dispose of any IGB Shares under the then prevailing market conditions, especially when the market is volatile.

The maximum aggregate transaction amount above represents the average of the total transaction amount for disposal of IGB Shares by the Group in each of the three financial years ended 31 December 2020, which are set out below:

Financial year ended	Total disposal amount in the financial year <i>Approximate</i> <i>HK\$</i> <i>(Note)</i>
31 December 2018	61,967,000
31 December 2019	210,079,000
31 December 2020	<u>4,072,000</u>
Total:	<u><u>276,118,000</u></u>

Note: These annual total disposal amount include the disposal of redeemable convertible preference shares of IGB, which were listed on Bursa Malaysia. According to their terms and conditions, all these shares were either fully converted into ordinary shares of IGB or fully redeemed by IGB in February 2020. As at the date of this announcement, no such shares remain in issue.

From 1 January 2021 up to (and including) the date of this announcement, the Group has not disposed of any IGB Shares.

Taking into account the above factors, the Directors are of the view that the parameters of the Proposed Disposal set out above are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Manners of the Proposed Disposal

The Directors will conduct the Proposed Disposal in accordance with the parameters set out in the paragraph headed “Parameters of the Proposed Disposal” above in this announcement.

The Directors will consider from time to time the market conditions and the availability of funding to the Group in deciding whether to dispose of any IGB Shares.

As at the date of this announcement, the Group does not have any discussion with any person regarding the disposal of IGB Shares by the Group.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The principal business activities of the Company and its subsidiaries are property investment and investment holding, sales and purchases of available-for-sale investments and held for trading investments. Wang Tak is a company incorporated in Hong Kong, whose principal activities are property investment, investment holding, and sales and purchases of securities. WTMSB is a company incorporated in Malaysia, whose principal activities are investment holding, and sales and purchases of securities.

The Group holds IGB Shares as one of its significant investments which are classified as financial assets at fair value through profit and loss in the Group's consolidated accounts. The Group may from time to time in its ordinary and usual course of business dispose of IGB Shares held by it depending on the market conditions and the availability of funding to the Group in line with its investment strategies. The Directors believe that the Proposed Disposal, as will be conducted in the Group's ordinary and usual course of business, will provide more flexibility to the Group in pursuing its investment goals following its investment strategies having regard to the prevailing market conditions and the funding need of the Group.

Taking into account the foregoing and the parameters of the Proposed Disposal as set out above in this announcement, the Directors consider that the terms of the Proposed Disposal are fair and reasonable and the Proposed Disposal in the interest of the Company and its shareholders as a whole.

USE OF PROCEEDS

The Company intends to use the net proceeds from the Proposed Disposal partly to repay bank borrowings of the Group and partly as general working capital of the Group.

INFORMATION RELATING TO IGB

IGB 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 IGB Shares are listed on the Main Market of Bursa Malaysia. Further details on IGB and the IGB Shares are available at IGB's website at <http://www.igbbhd.com/>.

Set out below is the summary of key consolidated financial information of IGB for each of the two years ended 31 December 2019, as extracted from IGB's published accounts:

	For the year ended 31 December	
	2018	2019
	(audited)	(audited)
	RM'000	RM'000
Profit before taxation	480,591	463,099
Profit after taxation	391,515	366,193
Net assets value	3,542,277	3,711,681

As at 31 December 2020, the Group held 35,829,816 IGB Shares with a total carrying value of approximately HK\$177,800,000.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Proposed Disposal (based on the aggregate annual monetary cap of HK\$30,000,000 as mentioned in this announcement above) is above 5% but all such applicable percentage ratios are less than 25%, the Proposed Disposal will constitute a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In the event that the Company is aware that the counterparty who is to take up any IGB Shares under the Proposed Disposal is a connected person of the Company, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules in respect of such disposal.

The actual number of IGB Shares disposed of under the Proposed Disposal, together with the date(s) of disposal and the disposal price(s) per IGB Share, during the six months ending 30 June 2021 and those during the financial year ending 31 December 2021 will be disclosed in the Company's interim report and annual report for 2021 respectively.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Bursa Malaysia”	Bursa Malaysia Securities Berhad
“Company”	Lee Hing Development Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“IGB”	IGB Berhad, a company incorporated in Malaysia and whose shares are listed on the main market of Bursa Malaysia
“IGB Share(s)”	ordinary share(s) of IGB (including share(s) of IGB which may result from any sub-division, consolidation or re-classification of such ordinary share(s))

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Disposal”	the possible disposals of all or part of the IGB Shares by the Group during the financial year ending 31 December 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang Tak”	Wang Tak Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Company
“WTMSB”	Wang Tak Majujaya Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“%”	per cent.

By order of the Board
Lee Hing Development Limited
Tan Boon Seng
Chairman and Managing Director

Hong Kong, 16 February 2021

As at the date of this announcement, the Board 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.

For the purposes of illustration only, any amount denominated in RM in this announcement which has been translated into HK\$ is at the rate of RM1.00 = HK\$1.9114. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate or at all.