

LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

10 November 2021

To the Disinterested Shareholders

Dear Sir/Madam,

**(I) THE VOLUNTARY CONDITIONAL CASH OFFER, WITH AN
ALTERNATIVE TO RECEIVE SHARES IN LEE HING (2021) LIMITED
(FORMERLY KNOWN AS CLASSIC PRESTIGE LIMITED),
BY KINGKEY SECURITIES GROUP LIMITED
ON BEHALF OF
LEE HING (2021) LIMITED
(FORMERLY KNOWN AS CLASSIC PRESTIGE LIMITED)
TO ACQUIRE ALL THE ISSUED SHARES OF
LEE HING DEVELOPMENT LIMITED
AND
(II) POSSIBLE PRIVATISATION**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 10 November 2021 and issued jointly by the Offeror and the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Disinterested Shareholders as to whether or not the terms of the Offer (including the Share Alternative) are fair and reasonable and to make a recommendation as to the acceptance of the Offer and as to whether to opt for the Share Alternative.

Octal Capital has been appointed as the Independent Financial Adviser to advise us in respect of the above. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the section headed “Letter from the Independent Financial Adviser” on pages 41 to 89 of the Composite Document.

We also wish to draw your attention to the sections headed “Letter from the Board” and “Letter from Kingkey Securities” and the additional information set out in the Appendices to the Composite Document.

RECOMMENDATIONS

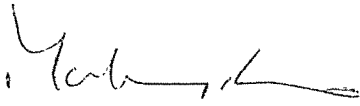
Taking into account the terms of the Offer and the advice from the Independent Financial Adviser, we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend the Disinterested Shareholders to accept the Offer.

In electing between cash payment and the Share Alternative, the Disinterested Shareholders should note that the estimate of value of each Offeror Share of HK\$0.78 as demonstrated in the letter from INCU contained in Appendix IV to the Composite Document (without taking into account the discount rate for lack of marketability of 30%) is slightly less than the Offer Price. The election of cash payment allows the Disinterested Shareholders to realise their investment in the Company and obtain cash outright, while the Share Alternative will enable the Disinterested Shareholders to remain as indirect shareholders in the Company and enjoy the potential upside of the Offeror Shares in the future but with uncertainty. Therefore, we recommend the Disinterested Shareholders to accept cash payment.

However, the Disinterested Shareholders who have knowledge and experience in investing as minority shareholders of privately held companies and consider opting for the Share Alternative should take note of the inherent risks associated with the Share Alternative, mainly including (i) the future prospect of IGB Berhad and PureCircle; (ii) lack of protection offered by the Listing Rules; (iii) no guarantee of whether dividend policy of the Offeror will be implemented in the future; and (iv) the five-year timespan for realisation of investment return on the Offeror Shares. If the Disinterested Shareholders who are optimistic about the future prospects and operating performance of the Group and have a relatively long term investment horizon may opt for the Share Alternative, subject to their investment objective, risk tolerance level as well as financial circumstances.

Notwithstanding our recommendation, the Disinterested Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Disinterested Shareholders should consult their own professional advisers for advice. Furthermore, the Disinterested Shareholders who wish to accept the Offer and (where applicable) opt for the Share Alternative are recommended to read carefully the procedures for accepting the Offer and electing the Share Alternative as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
the Independent Board Committee

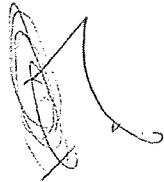


Mr. Ho Hau Chong, Norman
*Independent Non-executive
Director*

Mr. Fung Ka Pun
*Independent Non-executive
Director*

Mr. Lim Lay Leng
*Independent Non-executive
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