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LEE HING DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

DISCLOSEABLE TRANSACTION DISPOSAL OF LAND IN JAPAN

The Board is pleased to announce that on 7 April 2022 (after trading hours), Wang Tak, a wholly-owned subsidiary of the Company, as seller and the Purchaser as buyer entered into the Contract pursuant to which Wang Tak has agreed to sell the Land to the Purchaser at the Consideration of JPY200,000,000 (equivalent to approximately HK\$12,800,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

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CONTRACT

The major terms of the Contract are set out below:

Date: 7 April 2022 (after trading hours)

Parties: (i) Wang Tak, a wholly owned subsidiary of the Company,
as seller

(ii) the Purchaser, as purchaser

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser and its ultimate controlling shareholders are third parties independent of the Company and its connected persons.

Subject matter: the Land, to be sold free from all security interests such as mortgages, usufructuary rights such as leasehold rights, and any other burdens that prevent the Purchaser from exercising full ownership of the Land

Consideration

The Consideration is JPY200,000,000 (equivalent to approximately HK\$12,800,000), which shall be paid by the Purchaser to Wang Tak in cash in the following manner:

- (1) JPY6,000,000 (equivalent to approximately HK\$384,000) shall be paid as deposit (the “**Deposit**”) upon signing of the Contract; and
- (2) the balance of JPY194,000,000 (equivalent to approximately HK\$12,416,000) shall be paid on or before 30 September 2022.

The Consideration was determined after arm’s length negotiations between Wang Tak and the Purchaser and based on the amount proposed by the Purchaser which Wang Tak considers fair and reasonable having regard to the carrying value of the Land of approximately HK\$9,550,000 as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2021 and its valuation of JPY149,218,750 (equivalent to HK\$9,550,000) as at 31 December 2021 as shown in a valuation report prepared by an independent valuer.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Transfer of ownership of the Land

Wang Tak shall deliver the Land to the Purchaser on or before 30 September 2022 upon receipt of the Consideration in full and shall at the same time apply for registration of the transfer of ownership of the Land to the Purchaser.

Termination

The Contract may be terminated at the earlier of (a) when each party has started to perform the Contract and (b) 30 April 2022 by:

- (1) Wang Tak by paying the Purchaser twice the amount of the Deposit already received; or
- (2) the Purchaser by waiving the Deposit already paid.

In addition, the Contract may be terminated upon the occurrence of certain events specified in the Contract, which includes by reason of destruction of or damage to the Land (in which event the Deposit will be refunded without interest), discovery of defect to the Land (in which event the Deposit will not be refunded) and breach of terms of the Contract (in which event the Deposit will be refunded without interest and the defaulting party shall pay penalty to the non-defaulting party as prescribed under the Contract).

INFORMATION ON THE LAND

As at the date of this announcement, Wang Tak is the registered owner of the Land. The Land consists of three parcels of land, one of which is located in Mukoyama, Gora-Aza, Hakone-machi, Ashigarashimo-gun, Japan and the remaining two in Kawamukai, Kiga-Aza, Hakone-machi, Ashigarashimo-gun, Japan. They have site areas of approximately 5,000.68, 3,040.73 and 2,771 square metres respectively. As at the date of this announcement, the Land is vacant.

No revenue was generated by the Group from the Land for the two years ended 31 December 2021.

INFORMATION ON THE GROUP AND WANG TAK

The Company was incorporated in Hong Kong with limited liability and its issued shares are listed on the Main Board of the Stock Exchange. The principal activities of the Group are property investment, property development, investment holding and sale and purchase of securities. Wang Tak is a company incorporated in Hong Kong, whose principal activities are property investment, investment holding, and sales and purchases of securities.

INFORMATION ON THE PURCHASER

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser is a Japanese electronic commerce and online retailing company based in Japan and listed on the Tokyo Stock Exchange.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Originally, Wang Tak held the Land for development of a resort. However, due to increasing expected costs of construction and operation of the resort which as the Group assessed would render the development unprofitable, the development plan was aborted and the Land has since been left idle. The Group has been looking for a suitable buyer to purchase the Land from Wang Tak at a reasonable price. The Purchaser has recently been identified as a suitable buyer who is willing to pay a price which the Directors consider fair and reasonable.

The Directors (including the independent non-executive Directors) consider that the terms of the Contract are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

The Disposal is expected to result in a gain of approximately JPY30,561,250 (equivalent to approximately HK\$1,955,920) to the Group, which is calculated by deducting the carrying value of the Land of approximately HK\$9,550,000 as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2021 from the net proceeds from the Disposal.

The expected net proceeds from the Disposal (after taking into account, among others, withholding tax payable in Japan and legal and other professional fees) amounts to approximately JPY179,780,000 (equivalent to approximately HK\$11,505,920). The Group intends to use such net proceeds as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Consideration”	the total consideration of JPY200,000,000 (equivalent to approximately HK\$12,800,000) payable by the Purchaser to Wang Tak for the Disposal
“Contract”	the land sale and purchase contract dated 7 April 2022 between Wang Tak as seller and the Purchaser as buyer in relation to the Disposal
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the disposal of the Land by Wang Tak to the Purchaser
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	three parcels of land in Japan owned by Wang Tak, particulars of which are set out in the paragraph headed “Information on the Land” in this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Rakuten Group, Inc. (楽天グループ株式会社), a company incorporated in Japan
“Share(s)”	issued share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“JPY”	Japanese yen, the lawful currency of Japan
“%”	per cent.

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

Hong Kong, 7 April 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tan Boon Seng and Mr. Lam Man Kit; 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 JPY in this announcement which has been translated into HK\$ is at the rate of JPY100 = HK\$6.40. 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.