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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lee Hing Development Limited, you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LEE HING DEVELOPMENT LIMITED 利興發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

(1) VERY SUBSTANTIAL DISPOSAL AND VERY SUBSTANTIAL ACQUISITION IN RELATION TO CASH ACQUISITION OF PURECIRCLE LIMITED BY INGREDION SRSS HOLDINGS LIMITED TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF BERMUDA COMPANIES ACT 1981

(2) VERY SUBSTANTIAL DISPOSAL IN RELATION TO EXIT ARRANGEMENTS, PUT OPTION AND CALL OPTION IN RESPECT OF BIDCO SHARES

(3) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PROPOSED DISPOSAL OF BIDCO SHARES TO CONNECTED PERSONS

(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the proposed disposal of Bidco Shares to connected persons



Capitalised terms used in this cover have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 10 to 38 of this circular. A letter from the Independent Board Committee is set out on page 39 of this circular.

A letter from INCU Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on page 40 of this circular.

A notice convening the EGM to be held at Suite 1506-7, 15th Floor, Nine Queen's Road Central, Hong Kong on Monday, 10 August 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of Lee Hing Development Limited at Suite 1506-7, 15th Floor, Nine Queen's Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM (AND ANY ADJOURNMENT THEREOF)

Practical measures will be taken to try to avoid the spread of COVID-19 at the EGM, including:

- compulsory temperature checks and health declarations for all attendees, including the Directors and the Shareholders
- prohibition from attendance at the EGM if an attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the EGM
- compulsory wearing of surgical face masks throughout the EGM
- maintaining proper distance between seats
- no refreshments will be served at the EGM

Any person who does not comply with the precautionary measures may be denied entry into the venue of the EGM.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages the Shareholders NOT to attend the EGM in person, and advises them to appoint the Chairman of the EGM as their proxies to vote according to their indicated voting instructions as an alternative to attending the EGM in person. The Shareholders are advised to read this section carefully and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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DEFINITIONS

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

“Acquisition”	the recommended cash acquisition, with one alternative offer (the Share Alternative), being made by Bidco to acquire the entire issued and to be issued share capital of PureCircle not already directly or indirectly owned by Bidco to be effected by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“Adjusted EBITDA”	earnings before interest, taxation, depreciation, amortisation and exceptional items
“associate(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Bermuda Companies Act”	the Bermuda Companies Act 1981, as amended
“Bidco”	Ingredion SRSS Holdings Limited, a company incorporated in England and Wales and wholly owned by Ingredion
“Bidco A Share(s)”	ordinary A share(s) in the capital of Bidco from time to time
“Bidco B Share(s)”	ordinary B share(s) in the capital of Bidco from time to time
“Bidco Board”	the board of Bidco Directors
“Bidco Director(s)”	the director(s) of Bidco from time to time
“Bidco Equity Injection”	the subscription by Ingredion for additional Bidco A Shares which took place immediately after the Scheme became effective
“Bidco Group”	Bidco and its subsidiary undertakings and, where the context permits, each of them including, following completion of the Acquisition, the PureCircle Group
“Bidco Share(s)”	Bidco A Share(s) and/or Bidco B Share(s)
“Bidco Share Acquisition”	the acquisition by Wang Tak of Bidco B Shares pursuant to the Acquisition

DEFINITIONS

“Bidco Shareholder(s)”	holder(s) of share(s) in Bidco from time to time
“Bidco Shareholders’ Agreement”	the shareholders’ agreement dated 9 April 2020 and entered into between Ingredion, the Minority Investors and Bidco relating to Bidco
“Board”	the board of Directors
“Business Day”	(a) in the context of the Scheme and the Acquisition, a day (other than Saturdays, Sundays and UK public holidays) on which banks are open for business in London; or (b) in the context of the SP Agreement, a day (excluding Saturday, Sunday, public holiday and, in respect of Hong Kong, any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong and London are generally open for business throughout their normal business hours
“Call Option”	the call option of Ingredion granted under the Bidco Shareholders’ Agreement which allows it to require the Minority Investors to sell to it Bidco B Shares to be held by the Minority Investors
“Cash Offer”	100 pence in cash per Scheme Share
“close associate(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Closing Price”	the closing middle market price of a PureCircle Share on a particular trading day as derived from the Daily Official List published by the London Stock Exchange
“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
“Conditions”	the conditions to the implementation of the Acquisition, as set out in the Scheme Document

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the Court to sanction the Scheme under section 99 of the Bermuda Companies Act and, if such hearing is adjourned, references to commencement of any such hearing shall mean the commencement of the final adjournment thereof
“Court Meeting”	the meeting of PureCircle Shareholders convened and held pursuant to an order of the Court under section 99(1) of the Bermuda Companies Act and the bye-laws of PureCircle for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof
“Court Order”	the order of the Court sanctioning the Scheme
“COVID-19”	the global coronavirus pandemic in 2019 and 2020
“Director(s)”	the director(s) of the Company from time to time
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“EGM”	the extraordinary general meeting of the Company to be convened and held at Suite 1506-7, 15th Floor, Nine Queen’s Road Central, Hong Kong on Monday, 10 August 2020 at 11:00 a.m. for considering and, if thought fit, approving, among others, the PureCircle Share Disposal, the Bidco Share Acquisition, the Bidco Shareholders’ Agreement, the SP Agreement and the transactions contemplated thereunder (including but not limited to the Exit Arrangements, the Put Option and the Call Option)
“Encumbrance(s)”	a charge, debenture, mortgage, pledge, lien, security interest, title retention, assignment, restriction, right of first refusal, option, right of pre-emption or other third party right or interest of any kind, whether granted for the purpose of security or not

DEFINITIONS

“Exit Arrangements”	the exit arrangements allowing the Minority Investors to dispose of their Bidco B Shares to Ingredion on the terms as set out in the Bidco Shareholders’ Agreement
“FTSE All-Share Index”	the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indexes
“General Meeting”	the special general meeting of PureCircle Shareholders (including any adjournment thereof) convened and held in connection with the Scheme for the purpose of approving the resolutions proposed by PureCircle in connection with, amongst other things, the approval of the Scheme, the amendment of the bye-laws of PureCircle and the Bidco Equity Injection and such other matters as may be necessary to implement the Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors
“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than the Purchasers and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Ingredion”	Ingredion Incorporated
“Ingredion Board”	the board of Ingredion Directors
“Ingredion Director(s)”	the director(s) of Ingredion from time to time

DEFINITIONS

“Irrevocable Undertaking”	the deed of irrevocable undertaking dated 9 April 2020 by Wang Tak to Bidco containing, among others, undertakings regarding voting at the Court Meeting and the General Meeting and election for the Share Alternative in respect of Wang Tak’s entire holding of PureCircle Shares
“Joint Announcement”	the announcement of PureCircle and Ingredion dated 9 April 2020 in relation to, among others, the proposed Scheme and Acquisition
“KPMG”	KPMG LLP, a limited liability partnership registered in England and Wales
“Latest Practicable Date”	20 July 2020, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	5:00 p.m. on 30 November 2020 or such later date (if any) as may be agreed in writing by Bidco and PureCircle (as the Court may approve (if such approval(s) are required))
“Main Market”	the main market of the London Stock Exchange
“Meetings”	the Court Meeting and the General Meeting
“Minority Investors”	has the meaning defined under the section headed “Letter from the Board – The Scheme and the Acquisition – the Bidco Shareholders’ Agreement” in this circular
“Mr. BL Tan”	Mr. Tan Boon Lee, the younger brother of Mr. BS Tan
“Mr. BS Tan”	Mr. Tan Boon Seng, the chairman, the managing Director and a controlling shareholder of the Company
“Ms. LC Tan”	Ms. Tan Lei Cheng, the younger sister of Mr. BS Tan
“Purchasers”	Mr. BS Tan, Mr. BL Tan and Ms. LC Tan
“PureCircle”	PureCircle Limited, a company incorporated in Bermuda with limited liability

DEFINITIONS

“PureCircle Board”	the board of PureCircle Directors
“PureCircle Director(s)”	the director(s) of PureCircle from time to time
“PureCircle Equity Injection”	the consequential subscription by Bidco for additional PureCircle Shares which took place immediately following the Bidco Equity Injection, which is up to 1,000 new ordinary shares of US\$130,000 each in the share capital of PureCircle
“PureCircle Group”	PureCircle and its subsidiary undertakings and, where the context permits, each of them
“PureCircle Share(s)”	the unconditionally allotted or issued and fully paid ordinary share(s) of US\$0.10 each in the capital of PureCircle existing immediately before the Acquisition became effective
“PureCircle Share Disposal”	the disposal by Wang Tak of all its PureCircle Shares pursuant to the Acquisition
“PureCircle Shareholder(s)”	holder(s) of PureCircle Share(s) from time to time
“Put Option”	the put option of the Minority Investors granted under the Bidco Shareholders’ Agreement which allows them to require Ingredion to acquire the Bidco B Shares to be held by them
“Sale Shares”	2,500,000 Bidco B Shares allotted and issued to Wang Tak pursuant to the Acquisition
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement under section 99 of the Bermuda Companies Act between PureCircle and the PureCircle Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court (where applicable) and agreed by PureCircle and Bidco
“Scheme Document”	the document sent to PureCircle Shareholders on 18 May 2020 containing, amongst other things, the Scheme, including the explanatory statement required by section 100(1)(a) of the Bermuda Companies Act and the notices convening the Court Meeting and the General Meeting

DEFINITIONS

“Scheme Record Time”	6:00 p.m. (London time)/2:00 p.m. (Bermuda time) on 30 June 2020, being the scheme record time specified in the Scheme Document
“Scheme Shareholder(s)”	holder(s) of Scheme Share(s) whose name appears in the register of members of PureCircle at the Scheme Record Time
“Scheme Shares”	<p>all PureCircle Shares which are:</p> <ul style="list-style-type: none">(a) in issue at the date of the Scheme Document;(b) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and(c) (if any) issued on or after the Voting Record Time but at or prior to the Scheme Record Time, on terms that the holder shall be bound by the Scheme, or in respect of which the original or any subsequent holder agrees in writing to be bound by the Scheme, in each case which remain in issue at the Scheme Record Time, <p>but in each case other than any PureCircle Shares which are either registered in the name of or beneficially owned by any member of the Bidco Group or directly or indirectly by Ingredion or held by PureCircle in treasury at any relevant date or time</p>
“SD Latest Practicable Date”	12 May 2020 (being the last practicable date prior to the publication of the Scheme Document)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	issued share(s) of the Company
“Share Alternative”	the arrangements set out in the Scheme Document pursuant to which eligible PureCircle Shareholders may elect to receive one Bidco B Share for each Scheme Share
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“SP Agreement”	the conditional sale and purchase agreement dated 9 June 2020 and entered into between Wang Tak as vendor and the Purchasers as purchasers in relation to the sale and purchase of the Sale Shares
“SP Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the SP Agreement
“SP Consideration”	the consideration of 100 pence per Sale Share, totalling £2,500,000, payable by the Purchasers to Wang Tak for purchase of the Sale Shares pursuant to the SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under Rule 1.01 of the Listing Rules
“Takeover Offer”	should the Acquisition be implemented by way of an offer in accordance with the provisions of section 102 of the Bermuda Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of PureCircle and, where the context admits, any subsequent revision, variation, extension or renewal of such takeover offer (including an offer not in accordance with the provisions of section 102 of the Bermuda Companies Act) and including any election available thereunder
“UK connected person(s)”	has the meaning given to it in the Companies Act 2006, as amended, of the UK
“UK Takeover Code”	the UK City Code of Takeovers and Mergers
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
“Voting Record Time”	the date and time specified in the Scheme Document by reference to which entitlements to vote on the Scheme will be determined, expected to be 6:00 p.m. on the day which is two days before the Court Meeting or, if the Court Meeting is adjourned, 6:00 p.m. on the second day before the date of such adjourned meeting

DEFINITIONS

“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
“US\$”	US dollars, the lawful currency of the United States
“£” or “GBP” and “pence”	pound sterling and pence, the lawful currency of the United Kingdom
“%”	per cent.

LETTER FROM THE BOARD

LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

Executive Directors:

Mr. Tan Boon Seng

(Chairman and Managing Director)

Mr. Chan Kai Kwok

Registered and principal office:

Suite 1506-07, 15th Floor

Nine Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr. Ho Hau Chong, Norman

Mr. Fung Ka Pun

Mr. Lim Lay Leng

23 July 2020

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND VERY SUBSTANTIAL ACQUISITION IN RELATION TO CASH ACQUISITION OF PURECIRCLE LIMITED BY INGREDION SRSS HOLDINGS LIMITED TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF BERMUDA COMPANIES ACT 1981

(2) VERY SUBSTANTIAL DISPOSAL IN RELATION TO EXIT ARRANGEMENTS, PUT OPTION AND CALL OPTION IN RESPECT OF BIDCO SHARES

(3) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PROPOSED DISPOSAL OF BIDCO SHARES TO CONNECTED PERSONS

(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 15 April 2020 in relation to, among other matters, the proposed cash acquisition, with the Share Alternative, by Bidco to acquire the entire issued and to be issued share capital of PureCircle not already directly or indirectly owned by Bidco to be effected by means of the Scheme; and (ii) the announcement of the Company dated 9 June 2020 in relation to, among others, the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangements, the Put Option, the Call Option and the proposed disposal of Bidco B Shares by Wang Tak pursuant to the SP Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (i) further details of the Scheme and the Acquisition, the Irrevocable Undertaking, the Bidco Shareholders' Agreement, the SP Agreement and the transactions contemplated thereunder (including but not limited to the Exit Arrangements, the Put Option and the Call Option); (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the SP Agreement and the transactions contemplated thereunder; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the SP Agreement and the transactions contemplated thereunder; (iv) the notice of the EGM; and (v) further information required to be disclosed under the Listing Rules.

THE SCHEME AND THE ACQUISITION

On 9 April 2020 (London time), the Ingredion Board and the PureCircle Board announced that they had reached an agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of PureCircle by Bidco (a newly incorporated company registered in England and Wales formed for the purposes of the Acquisition that is wholly owned by Ingredion). The Acquisition is effected by means of a Court-sanctioned Scheme of Arrangement under section 99 of the Bermuda Companies Act.

On 18 May 2020 (London time), PureCircle issued the Scheme Document which contains, among others, details of the Scheme and the Acquisition.

Immediately before the Effective Date, Wang Tak, a wholly owned subsidiary of the Company, held 45,392,610 PureCircle Shares (representing approximately 24.6% of the issued share capital of PureCircle as at the date of the Scheme Document). Wang Tak has given the Irrevocable Undertaking to Bidco, among others, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting and to elect for the Share Alternative in respect of its entire holding of PureCircle Shares.

The Scheme became effective in accordance with its terms on 1 July 2020.

Set out below is a summary of the terms of the Scheme and the Acquisition based on the Scheme Document:

Structure and conditions to the Acquisition

The transaction is implemented by means of the Acquisition of PureCircle by Bidco. Bidco has made a voluntary Cash Offer for the entire issued share capital of PureCircle so that Bidco will be the new holding company of the PureCircle Group. Alternatively, eligible PureCircle Shareholders may elect for the Share Alternative in lieu of the Cash Offer up to a maximum of 111,874,671 Bidco Shares so that, following the Bidco Equity Injection and subject to the amount of the Bidco Equity Injection that occurred immediately after the Scheme became effective, the PureCircle Shareholders who validly accepted the Share Alternative would hold up to a maximum of 25% of the Bidco Shares in issue, with Ingredion holding the remainder.

The Acquisition is effected by means of a Court-approved Scheme of Arrangement between PureCircle and the PureCircle Shareholders under section 99 of the Bermuda Companies Act. Bidco has reserved the right to elect for the Acquisition to be implemented by way of a Takeover Offer for the entire existing issued and to be issued ordinary share capital of PureCircle as an

LETTER FROM THE BOARD

alternative to the Scheme. In such an event, a Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme (subject to appropriate amendments, including, an acceptance condition set at up to 90% of the shares to which such offer relates, or such lesser percentage, being more than 50%, as Bidco may decide). If Bidco does elect to implement the Acquisition by way of a Takeover Offer, and if sufficient acceptances of such Takeover Offer are received and/or sufficient PureCircle Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of sections 102 or 103 of the Bermuda Companies Act to acquire compulsorily any outstanding PureCircle Shares to which such offer relates. Eventually, Bidco did not elect for the Acquisition to be implemented by way of a Takeover Offer and the Acquisition was effected by means of a Court-approved Scheme of Arrangement.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued share capital of PureCircle by cancelling the PureCircle Shares in exchange for either cash pursuant to the Cash Offer or the issue of Bidco Shares pursuant to the Share Alternative. Under the Scheme, the Acquisition is principally achieved by, simultaneously on the Effective Date: (a) all Scheme Shares being cancelled; and (b) PureCircle issuing new PureCircle Shares to Bidco equal to the number of Scheme Shares cancelled, with PureCircle applying the credit arising in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par such new PureCircle Shares.

The Acquisition is subject to the Conditions and further terms set out in the Scheme Document and shall only become effective if, among other things, the following events occur on or before the Long Stop Date:

- (a) the approval of the Scheme by a majority in number of the Scheme Shareholders who are on the register of members of PureCircle at the Voting Record Time and who are present and vote, whether in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent 75% in nominal value of the Scheme Shares voted by those Scheme Shareholders on or before the 22nd day after the expected date of the Court Meeting set out in the Scheme Document (or such later date, if any, as Ingredion and PureCircle may agree and the Court may allow);
- (b) the passing of the resolutions^(Note) by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting set out in the Scheme Document (or such later date, if any, as Ingredion and PureCircle may agree and the Court may allow);
- (c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Ingredion and PureCircle) on or before the 22nd day after the expected date of the Court Hearing set out in the Scheme Document (or such later date, if any, as Ingredion and PureCircle may agree and the Court may allow);
- (d) the Scheme becoming effective by no later than the Long Stop Date;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of the Bermuda Companies Act in relation to any reduction of the issued share capital of PureCircle associated with the cancellation of the Scheme Shares; and

LETTER FROM THE BOARD

- (f) delivery of a copy of the Court Order to the Registrar of Companies in Bermuda.

Note: Such resolutions cover the following:

- (1) special resolutions (which require votes in favour representing at least 75 per cent. of the votes cast) to:
- approve certain amendments to the bye-laws of PureCircle in connection with the Scheme;
 - approve the new bye-laws of PureCircle that will take effect on the Effective Date; and
 - authorise the PureCircle Directors to take all such actions as are necessary for implementing the Scheme;
 - approve any allotment authority required pursuant to bye-law 2.4(d) of the bye-laws of PureCircle to allot PureCircle Shares to Bidco pursuant to the PureCircle Equity Injection;
 - authorise the PureCircle Directors to issue and allot an equal number of new PureCircle Shares to Bidco, as the number of Scheme Shares cancelled pursuant to the Scheme; and
- (2) an ordinary resolution (which require votes in favour representing more than 50 per cent. of the votes cast) to approve any capital reduction in connection with the Scheme.

Note should be taken of the Conditions of material significance (the “**Conditions of Material Significance**”) set out in sub-paragraphs (i) to (iii) below. The effect of each Condition of Material Significance is that, Bidco may be entitled to withdraw the Acquisition if:

- (i) except as disclosed by PureCircle (which excludes the unaudited interim accounts of PureCircle for the six month period ended 31 December 2019), Bidco becomes aware that the PureCircle Group, was not, on the date of the Joint Announcement, or, if it thereafter ceases to be, the owner, free of Encumbrances (save for those Encumbrances created in the ordinary course of business or pursuant to third party financing documents that were disclosed by PureCircle prior to the Joint Announcement) of its material Supply Assets in China and/or in Malaysia and/or of its material registered patent assets, where “**Supply Assets**” means all freehold land, plant, product, equipment and supply chain facilities and assets (but does not include those assets which are discarded or replaced in the ordinary course of business);
- (ii) a UK regulatory authority has imposed, announced or confirmed in writing that it will impose, a fine, or other financial penalty, on any member(s) of the PureCircle Group in an amount of more than an amount which PureCircle and Bidco have agreed is material (individually and/or in aggregate), in connection with the matters relating to the classification and valuation of inventory and/or PureCircle’s accounting records, as referred to in certain announcements released by PureCircle (and in determining such amount for these purposes, then any penalties imposed on individuals in connection with such matters shall not be included); or
- (iii) during the six month period which commenced on 1 January 2020, the PureCircle Group (in its internal monthly accounting records produced in a manner consistent with the PureCircle accounts for the financial year ended 30 June 2019) shall have recorded revenue of less than US\$40 million, but excluding any decline in revenue to the extent arising out of, resulting from, or attributable to: (x) any adverse changes in

LETTER FROM THE BOARD

exchange rates; (y) any adverse changes in applicable laws, regulations or accounting standards or practices affecting the PureCircle Group; and (z) any import or export prohibition or restriction imposed by any governmental or regulatory authority, except where such prohibition or restriction is specific to PureCircle and has been imposed as a result of PureCircle's breach of applicable law.

Each of the Conditions of Material Significance is deemed material by Bidco in making the Acquisition at the price of the Cash Offer and ratio of the Share Alternative.

The Scheme shall lapse if, among others:

- (a) the Court Meeting and the General Meeting are not held on or before the 22nd day after the expected date of such Court Meeting and General Meeting set out in the Scheme Document (or such later date (if any) as may be agreed by Bidco and PureCircle and, if required, the Court may allow);
- (b) the Court Hearing is not held on or before the 22nd day after the expected date of the Court Hearing set out in the Scheme Document (or such later date (if any) as may be agreed by Bidco and PureCircle and, if required, the Court may allow); or
- (c) the Scheme does not become effective by the Long Stop Date,

provided, however, that the deadlines for the timing of the Court Meeting, the General Meeting and the Court Hearing as set out above may be waived by Bidco, and the deadline for the Scheme to become effective may be extended by agreement between PureCircle and Bidco.

As at the Latest Practicable Date, the Scheme had become effective in accordance with its terms.

Upon the Scheme becoming effective, it is binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Upon completion of the Acquisition, the Bidco Equity Injection and the PureCircle Equity Injection, among others:

- PureCircle will be wholly owned by Bidco;
- Bidco will be controlled by Ingredion, which will hold approximately 75% of the Bidco Shares in issue;
- PureCircle Shareholders electing for the Share Alternative will hold the remaining Bidco Shares as a minority investment, having been diluted from a holding of approximately 60% in Bidco to a holding of approximately 25% in Bidco;
- the Bidco Shares will not be admitted to trading on any stock exchange; and

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- Ingredion and the minority shareholders of Bidco will be parties to the Bidco Shareholders' Agreement.

The Scheme contains a provision for PureCircle and Bidco to jointly consent (on behalf of all concerned) to any modifications, additions or conditions to the Scheme which the Court may think fit to approve or impose. The Court is unlikely to approve or impose any modifications, additions or conditions to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held. Similarly, if a modification, addition or condition is put forward which, in the opinion of the PureCircle Directors, is of such a nature or importance as to require the consent of Scheme Shareholders at a further meeting, the PureCircle Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

Any modifications or revisions to the Scheme shall be notified to PureCircle Shareholders through a regulatory information service (as set out in Appendix I to the listing rules made by the Financial Conduct Authority of the UK in accordance with section 73(2) of Part VI of the Financial Services and Markets Act 2000, as amended, of the UK) prior to the date of the Meetings (or any later dates to which such Meetings are adjourned).

A switch to a Takeover Offer is not a modification or revision for the above purposes.

The UK Takeover Code does not apply to PureCircle, and although PureCircle has incorporated certain takeover-related provisions into its bye-laws, these do not provide PureCircle Shareholders with the full protections offered by the UK Takeover Code and enforcement of such provisions is the responsibility of PureCircle, not the UK Panel on Takeovers and Mergers. PureCircle and Ingredion have agreed certain matters regarding the application of the UK Takeover Code to the Acquisition, and the terms of that agreement are summarised in the Scheme Document.

Cash Offer

Under the terms of the Acquisition, which is subject to the Conditions and the further terms set out in the Scheme Document, Scheme Shareholders are entitled to receive under the Cash Offer 100 pence in cash for each Scheme Share. The basis of 100 pence for each Scheme Share under the Cash Offer was determined and proposed by Bidco and it was not disclosed in the Scheme Document. The Directors do not know, and are not in a position to speculate, how it was arrived at.

If any dividend or other distribution in respect of the Scheme Shares is declared, paid or made on or after the date of the Joint Announcement, Bidco shall be entitled to reduce the consideration payable for each Scheme Share by an amount per Scheme Share of such dividend or distribution.

The Cash Offer values the entire existing issued and to be issued ordinary share capital of PureCircle at approximately £186.0 million, on the basis of the issued and to be issued ordinary

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share capital of 185,956,438 PureCircle Shares, and represents an opportunity for PureCircle Shareholders to realise a cash sum for their PureCircle Shares as at the date of the Scheme Document.

Share Alternative

As an alternative to the Cash Offer, eligible PureCircle Shareholders can elect to receive one Bidco B Share for each Scheme Share, in lieu of the full cash consideration to which they would otherwise be entitled under the Acquisition (subject to scaling back in accordance with the terms of the Share Alternative) and subject to the terms and conditions of the Share Alternative.

- The Bidco B Shares have been independently valued by Citigroup Global Markets Limited and its estimate of the value of an unlisted Bidco B Share (together with, among others, the assumptions, qualifications and caveats forming the basis of its estimate of value) is included in the Scheme Document in the form of a letter to Bidco dated 12 May 2020. Extracted below is the estimate of value of a Bidco B Share from the said letter:

“Estimate of Value

On the basis of and subject to the foregoing, it is our view that if the Bidco B Shares had been in issue as at [the SD Latest Practicable Date], the estimated value of each Bidco B Share would be within a range of 65 and 90 pence.

Any assessment of the value of the Share Alternative and the Bidco B Shares needs to take into account an individual PureCircle Shareholder’s assessment of an appropriate discount given the factors outlined above. The [e]stimate of [v]alue does not incorporate a discount for other structural features and risk factors pertaining to the Bidco B Shares nor any potential upside from acquisitions; each PureCircle Shareholder should individually take these factors into account.”

Please refer to the Scheme Document for the full text of the letter from Citigroup Global Markets Limited mentioned above.

- The Share Alternative is limited to a maximum of 111,874,671 Bidco Shares, which will be available for eligible PureCircle Shareholders holding a maximum of approximately 60% of the PureCircle Shares. To the extent that the elections for the Share Alternative cannot be satisfied in full, they will be scaled back pro rata to the size of such elections (subject to any rounding adjustments as Ingredion, in its absolute discretion, considers practicable) and the balance of the consideration due to PureCircle Shareholders who have made such elections will be satisfied in cash in accordance with the terms of the Acquisition.
- Upon completion of the Acquisition, the Bidco Shares received by PureCircle Shareholders electing for the Share Alternative will represent a minority investment in Bidco, which will be controlled by Ingredion.
- The Bidco Shares will be unlisted, that is, not admitted to trading on any stock exchange, and will be subject to, among other things, restrictions on transfer. There

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are no plans to seek a public quotation on any recognised investment exchange or other public market for the Bidco Shares to be issued to PureCircle Shareholders under the Share Alternative.

- Immediately after the Scheme becomes effective, Bidco will issue 261,643,939 additional Bidco A Shares to Ingredion for a total subscription price of US\$130 million in connection with the Bidco Equity Injection, thereby diluting the shareholding of PureCircle Shareholders who validly accept the Share Alternative by approximately 58%. This represents an issue price per new Bidco Share of US\$0.4969 equivalent to £0.4047 at an exchange rate of 1.2277 US\$: 1 GBP on the SD Latest Practicable Date. The proceeds of the subsequent PureCircle Equity Injection, that is due to take place shortly after the Bidco Equity Injection, will be used (together with PureCircle's then existing cash resources) to repay the Outstanding PureCircle Debt (as defined and particularized in the Scheme Document, which amounted to approximately US\$137.9 million as at the SD Last Practicable Date), with any remaining balance to be used for general working capital purposes. Following the Bidco Equity Injection, Ingredion shall hold approximately 75% of the total number of Bidco Shares in issue, with PureCircle Shareholders who validly accept the Share Alternative holding the remainder. The effect of the Bidco Equity Injection will be that each Scheme Shareholder who has elected for the Share Alternative will suffer an immediate dilution of their shareholding in Bidco of approximately 59% and the overall percentage of Bidco Shares which the Scheme Shareholders hold in Bidco will decrease from approximately 60% to approximately 25%.
- The Bidco B Shares issued to eligible PureCircle Shareholders who elect for the Share Alternative will be credited as fully paid and rank equally with the Bidco A Shares issued to Ingredion upon incorporation (and to be issued to Ingredion following the Bidco Equity Injection) with respect to any distributions, dividends, buy-back, any other capital redemption or other returns of income or capital made by Bidco.

Irrevocable undertakings

Bidco has received irrevocable undertakings from certain PureCircle Shareholders and certain PureCircle Directors, together holding, in aggregate, 125,646,276 PureCircle Shares representing approximately 68.1% of the existing issued share capital of PureCircle in issue on the SD Latest Practicable Date, containing irrevocable commitments to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting. From the total irrevocable undertakings received, the Share Alternative has been elected with respect to 125,106,255 PureCircle Shares representing approximately 67.8% of the existing issued share capital of PureCircle in issue on the SD Latest Practicable Date. As a result, this allows the remaining PureCircle Shareholders to elect for, at their sole option, either the Cash Offer or the Share Alternative (subject to pro rating of the Share Alternative).

Wang Tak and Mr. BS Tan are among the PureCircle Shareholders who have given the above irrevocable undertakings and elected for the Share Alternative in respect of their respective entire holding of PureCircle Shares. Immediately before the Effective Date, Wang Tak and Mr. BS Tan held 45,392,610 PureCircle Shares (representing approximately 24.6% of the issued share capital

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of PureCircle as at the date of the Scheme Document) and 5,237,502 PureCircle Shares (representing approximately 2.8% of the issued share capital of PureCircle as at the date of the Scheme Document), respectively.

Pursuant to the Acquisition, Wang Tak has been allotted and issued 39,246,275 Bidco B Shares and will receive £6,146,335 for its Scheme Shares not satisfied by Bidco B Shares.

Expected timetable of principal events

Below is an abridged version of the expected timetable contained in the Scheme Document, which has been modified to reflect the fact that the Scheme became effective in accordance with its terms on 1 July 2020. The dates given are based on PureCircle's current expectations and may be subject to change. All times shown below are London times unless otherwise stated.

Event	Time and/or date
Announcement of the Acquisition	9 April 2020
Publication of the Scheme Document	18 May 2020
Voting Record Time for the Court Meeting and General Meeting	6:00 p.m. (London time)/ 2:00 p.m. (Bermuda time) on 15 June 2020
Court Meeting	9:00 a.m. (London time)/5:00 a.m. (Bermuda time)/ 4:00 p.m. (Malaysia time) on 18 June 2020
General Meeting	9:15 a.m. (London time)/5:15 a.m. (Bermuda time)/ 4:15 p.m. (Malaysia time) on 18 June 2020
<i>The following dates are indicative only and subject to change; please see the notes below</i>	
Court Hearing (to sanction the Scheme)	26 June 2020
Scheme Record Time	6:00 p.m. (London time)/ 2:00 p.m. (Bermuda time) on 30 June 2020
Suspension of trading on the Main Market of, and dealings, settlements and transfers in, PureCircle Shares	7:30 a.m. (London time)/ 3:30 a.m. (Bermuda time) on 1 July 2020
Effective Date	1 July 2020
Cancellation of admission to trading on the Main Market of, and cessation of dealings in, PureCircle Shares	8:00 a.m. (London time)/ 4:00 a.m. (Bermuda time) on 2 July 2020

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Latest date of despatch of cheques in respect of
Scheme Shares held in certificated form and
the cash consideration payable to Scheme Shares
held in uncertificated form 14 July 2020

Latest date of allotment of fully paid-up Bidco B Shares and
despatch of share certificates of the same, in consideration
for the Scheme Shares for which the Share Alternative
has been validly elected 14 July 2020

Long Stop Date, being the latest date by which
the Scheme must be implemented 5:00 p.m. (London time)/
1:00 p.m. (Bermuda time) on 30 November 2020 or
such later date (if any) as may be agreed
in writing by Bidco and PureCircle
(as the Court may approve
(if such approval(s) are required))

Information relating to PureCircle

PureCircle is a leading producer and innovator of stevia sweeteners for the global food and beverage industry. PureCircle collaborates with farmers who grow the stevia plants and with food beverage companies which seek to improve their low-and no-calorie formulations using a sweetener from plants. PureCircle combines advanced research and development with full vertical integration from farm to high-quality, great-tasting innovative stevia sweeteners. It has been granted over 214 stevia-related patents with more than 300 applied for patents pending. Regulatory approvals in the Philippines for both versions of PureCircle's Reb M stevia leaf sweetener in September 2019 were followed by approvals in Australia, New Zealand, Indonesia, Thailand, Vietnam and Taiwan.

PureCircle has offices in Europe, Asia and other locations globally. PureCircle's registered office is located in Bermuda. PureCircle employs approximately 1,000 people globally.

Founded in 2002, PureCircle was incorporated in Bermuda and is listed on the Main Market. On 28 October 2019, PureCircle's Shares were suspended from trading on the Main Market, pending publication of PureCircle's audited financial statements for the financial year ended 30 June 2019. PureCircle announced its final audited results for the financial year ended 30 June 2019 on 31 March 2020, and its unaudited results for the six month period ended 31 December 2019 on 9 April 2020. Both the audited results and the interim results can be found on PureCircle's website at <https://purecircle.com/reportsannouncements/>. Following these announcements, PureCircle's Shares were restored to trading on 15 April 2020.

PureCircle generated revenue of approximately US\$124.0 million, gross profit of US\$1.2 million and a loss before taxation of US\$72.2 million for the financial year ended 30 June 2019. PureCircle's operating loss was primarily due to inventory net realisable value write down of US\$19.7 million and a provision of slow-moving inventory of US\$14.8 million, offsetting against other income of US\$5.5 million received from a R&D supplier on termination of R&D agreement.

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Based on the information available on the website of PureCircle, persons holding 10% or more of the total PureCircle Shares in issue as at 17 May 2020 were Wang Tak (approximately 24.6%) and Olam International Limited (16.6%), whose ordinary shares are listed on the Singapore Exchange Securities Trading Limited.

Information relating to Ingredion

Ingredion is headquartered in the Chicago, Illinois metropolitan area and is a leading global ingredient solutions provider serving customers in more than 120 countries. With annual net sales of over US\$6 billion for the year ended 31 December 2019, Ingredion makes sweeteners, starches, nutrition ingredients and biomaterials that are used by customers in everyday products from foods and beverages to paper and pharmaceuticals. Ingredion employs approximately 11,000 people and has a market capitalisation of over US\$5 billion. Ingredion's common stock is listed on the New York Stock Exchange.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, Ingredion is an Independent Third Party.

Information relating to Bidco

Bidco, a private limited liability company, was incorporated on 1 April 2020 under the laws of England and Wales and will acquire the PureCircle Shares pursuant to the Acquisition. Bidco has not traded since the date of its incorporation nor entered into any obligations, other than in connection with the Acquisition. Bidco is wholly owned by Ingredion.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, Bidco and its controlling shareholder(s) are Independent Third Parties.

Background to and reasons for the Acquisition

Sugar reduction is one of Ingredion's five specialities growth platforms and Ingredion is committed to invest in its growth. Stevia is a core product for the sugar reduction portfolio.

Ingredion has followed the development of PureCircle for several years and believes that it is a fundamentally strong and attractive business that will be a great fit with Ingredion's long-term strategy, given PureCircle's leadership position in this space. Beyond its leadership in the market, PureCircle brings unrivalled innovation and manufacturing expertise related to stevia. The Ingredion Directors further believe that the Acquisition will allow it to build on these strengths and that leveraging Ingredion's global go to market network, as well as its formulation expertise and broad product portfolio will drive both growth synergies, as well as significant savings.

Finally, both Ingredion and PureCircle have a proud legacy and share a similar culture.

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Background to and reasons for the recommendation

Background

In September 2019, PureCircle announced a postponement of publication of its results for the year ended 30 June 2019. During the course of the audit of the PureCircle Group's financial statements for the year ended 30 June 2019, PureCircle's auditors made the PureCircle Board aware that they were unable to reconcile the value of the PureCircle Group's inventory between two internal systems which were used to account for and manage inventory cost allocation. The auditors also identified a number of non-commercial transactions, and certain sales that appeared not to have been recorded in the appropriate accounting period.

The PureCircle Board appointed professional advisers to carry out an investigation, which resulted in a delay of the publication of the results for the year ended 30 June 2019, during which it was identified that historical inventory was overstated and historical costs of sales was understated, which resulted in a restatement of the results for the year ended 30 June 2018, and opening retained earnings based on prior period adjustments identified during the course of the 30 June 2019 audit, which were announced together on 31 March 2020.

Those results presented revenue of US\$124.0 million and Adjusted EBITDA of US\$(29.6) million for the year ended 30 June 2019, and revenue of US\$126.6 million and Adjusted EBITDA of US\$14.7 million for the year ended 30 June 2018 (restated). Net debt as at 30 June 2019 was US\$68.6 million, and as at 30 June 2018 was US\$98.1 million.

The Closing Price of PureCircle's Shares upon suspension on 28 October 2019 was 131.2 pence. The FTSE All-Share Index has reduced by approximately 18% over the period between the date of the suspension and the SD Latest Practicable Date.

Trading and liquidity position

Since the last financial year end, PureCircle has suffered from severe cash flow constraints which have significantly hindered PureCircle in its day-to-day operations. During this period, PureCircle, together with PureCircle Trading Sdn. Bhd., approached senior lenders under the Senior Facilities Agreement (as defined in the Scheme Document), and received support through a waiver and amendment to the Senior Facilities Agreement in February 2020. This waiver and amendment to the Senior Facilities Agreement also provided US\$8.6 million in additional senior revolving credit facility commitments by PureCircle's senior lenders. At the same time, an additional US\$8.6 million of unsecured subordinated loans was provided by certain shareholders.

PureCircle had been actively exploring alternative financing options to refinance its existing term loan before it matures, but had not identified an option which it believed to be deliverable in the near term and likely to be more attractive to PureCircle Shareholders than the Acquisition.

The supply of stevia is vital for the success of PureCircle, and developing better, more productive cultivars has been a key focus for PureCircle, which is beginning to show progress. In the financial year ending 30 June 2020, about 25% of leaf grown in China will be of a variety developed by PureCircle that has some 40% more steviol glycosides than previous stevia varieties. This hardy variety grows well and promises significant unit cost reductions (and gross margin

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improvements) for PureCircle's products going forwards. In the financial year ending 30 June 2021, PureCircle is planning that nearly all of the leaf grown for PureCircle by its contracted farmers will be of this new, highly productive variety. Balanced against this, however, trading by PureCircle during the current financial year has been impacted by a number of key factors, including the impact of COVID-19 on production and supply, and the challenges associated with the suspension of PureCircle's shares and investigation in 2019, which have impacted negatively on both revenue generation and gross margin achievement during the financial year to date.

On 9 April 2020, PureCircle announced its unaudited interim results for the six month period ending 31 December 2019. PureCircle generated revenue in the period of approximately US\$46.8 million, gross profit of US\$10.7 million and loss before taxation of US\$13.8 million. Adjusted EBITDA for the period was US\$(3.1) million. Net debt was US\$82.6 million at 31 December 2019.

As part of its unaudited interim results announcement, PureCircle provided an update on trading in January and February 2020, noting that performance was sluggish as a result of the global COVID-19 pandemic, generating revenue of approximately US\$17.0 million. The PureCircle Directors noted at that point that, while they expected the business to generate positive cash flows, they believed PureCircle may face difficulty in sustaining profit margins in the short term. The PureCircle Directors also set out that there was a risk, particularly in relation to COVID-19, that the PureCircle Group may not have sufficient liquidity up until the financing arrangements under the Senior Facilities Agreement are required to be repaid in November 2020.

Following the date of the Joint Announcement, PureCircle agreed and accepted the 2020 PureCircle Revolving Loan Facility (as defined in the Scheme Document) with a limit of US\$33 million with The Hongkong and Shanghai Banking Corporation Limited, Offshore Banking Unit Labuan. The proceeds of this facility will provide the PureCircle Group with additional liquidity to meet general operational and working capital requirements in the months leading up to completion of the Acquisition. The 2020 PureCircle Revolving Credit Facility (as defined in the Scheme Document) is secured by a standby letter of credit issued by HSBC Bank USA, N.A. on behalf of Ingredion. Interest will be payable on amounts drawdown at a rate of 3% above 3-months USD LIBOR. The 2020 PureCircle Revolving Credit Facility is scheduled to terminate on 28 December 2020.

While the 2020 PureCircle Revolving Credit Facility has provided much needed short term liquidity to support PureCircle in the months leading up to completion of the Acquisition, PureCircle is, however, still facing material uncertainties related to its financing arrangements under the Senior Facilities Agreement, which matures on 30 November 2020.

Ingredion approach

In late 2019, the PureCircle Board received an approach from Ingredion. The PureCircle Board believes that Ingredion represents a natural partner for PureCircle, as a result of Ingredion's commitment to significant investment in sugar reduction, which represents one of Ingredion's five specialties growth platforms, combined with Ingredion's access to innovation and manufacturing expertise in stevia. A combination is expected to drive significant growth synergies and cost savings.

The PureCircle Board has carefully considered, and progressed, a number of alternative options for PureCircle, including the potential for debt refinancing or equity raising, but believe

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that the Cash Offer represents an attractive opportunity for PureCircle Shareholders to receive the certainty of cash today – against the backdrop of material uncertainty in relation to the ability of PureCircle to refinance its Debt Facilities (as defined in the Scheme Document) before they mature – while still providing PureCircle Shareholders with the option of retaining a reduced equity interest in a deleveraged PureCircle through the Share Alternative.

As part of its proposal to the PureCircle Board, Ingredion placed an upper limit on the amount of cash it was willing to invest as part of the Acquisition, combined with a required level of ongoing equity ownership in Bidco, and therefore held discussions with a number of the larger PureCircle Shareholders to ask them to elect for the Share Alternative. In considering their recommendation, the PureCircle Board has therefore noted that a material proportion of PureCircle's Shareholders have provided irrevocable undertakings to vote in favour of the various resolutions required to effect the Acquisition. The PureCircle Shareholders providing irrevocable undertakings to elect for the Share Alternative have done so in the knowledge that this provides all other PureCircle Shareholders with the ability to choose either, at their option, to accept the Cash Offer for their entire holding, or to elect for the Share Alternative on exactly the same terms (including in relation to pro-rating) as those PureCircle Shareholders providing irrevocable undertakings. Given the limit on the Share Alternative, the PureCircle Shareholders providing irrevocables will receive a mix of cash and Bidco B Shares under the Acquisition, with the split dependent on the level of elections from other PureCircle Shareholders for the Share Alternative.

The PureCircle Directors also note Bidco's stated intentions concerning PureCircle's management and employees, locations of business and strategic plans. In particular, the PureCircle Directors are pleased that Bidco intends to develop PureCircle's business through organic initiatives and by acquisitions. The PureCircle Directors also welcome Bidco's confirmation that, following completion of the Acquisition the existing contractual and statutory employment rights and pension entitlements of all PureCircle's management and employees will be fully safeguarded.

Irrespective of the Acquisition, in the light of the current global economic slowdown caused by COVID-19, the PureCircle Directors have commenced a review of PureCircle's cost base in order to manage PureCircle's cost structure more efficiently. While this process has only just commenced, the PureCircle Directors anticipate that this may result in a reduction in headcount across the PureCircle Group.

Recommendation

Cash Offer

The PureCircle Directors, who have been so advised by KPMG as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their advice to the PureCircle Directors, KPMG has taken into account the commercial assessments of the PureCircle Directors. KPMG is providing independent financial advice to the PureCircle Directors for the purposes of the Cash Offer.

Accordingly, the PureCircle Directors recommend unanimously that PureCircle Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) as the PureCircle Directors (and their UK connected

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persons) who hold PureCircle Shares have each irrevocably undertaken to do in respect of their own beneficial holdings of 921,714 PureCircle Shares representing, in aggregate, approximately 0.5% of the share capital of PureCircle in issue on the SD Latest Practicable Date.

Share Alternative

In considering the terms of the Share Alternative, the PureCircle Directors note that, while the Bidco Shares provide the option for a continued equity ownership in PureCircle with a much reduced debt level, the Bidco Shares will be unlisted and will represent a minority investment in a company controlled by Ingredion, following a material dilution of the relative holding of PureCircle Shareholders who elect for the Share Alternative. Subject to the amount of the Bidco Equity Injection that will occur immediately after the Scheme becomes effective, the PureCircle Shareholders who validly accept the Share Alternative will hold approximately 25% of the Bidco Shares in issue, with Ingredion holding the remainder. The Bidco Shares will not be admitted to trading on any stock exchange or other public market and, with the exception of a number of mechanisms set out in the Bidco Shareholders' Agreement, will therefore be illiquid. As a result of the lack of trading market for the Bidco Shares, their value will be uncertain and there may be more limited opportunities to sell the Bidco Shares other than the exit provisions agreed in the Bidco Shareholders' Agreement. Bidco has put in place a specific dividend policy which allows, subject to certain restrictions, for the distribution of a proportion of free cashflow to Bidco Shareholders. In addition, the Bidco Shareholders' Agreement amongst Ingredion and the minority shareholders in Bidco (including Wang Tak and Mr. BS Tan) will impose significant restrictions on transfers of the Bidco Shares.

For the reasons set out above, together with the risk factors and other investment considerations set out in the Scheme Document, the PureCircle Directors are not making any recommendation to PureCircle Shareholders as to whether or not they should elect for the Share Alternative. However, the PureCircle Directors recommend that PureCircle Shareholders ensure that they are fully cognisant of, and are prepared to accept, the risks and other investment considerations attaching to ownership of unlisted securities and have taken independent professional advice appropriate to their own financial circumstances and investment objectives before making any election for the Share Alternative. Any decision to elect for the Share Alternative should be based on independent financial, tax and legal advice and full consideration of the Scheme Document.

Cancellation of admission to trading of PureCircle Shares

Prior to the Scheme becoming effective, an application was made to the London Stock Exchange for admission of the PureCircle Shares to trading on the Main Market to be cancelled from or shortly after the Effective Date. The cancellation of the admission to trading of the PureCircle Shares on the Main Market took effect from 2 July 2020.

The Bidco Shareholders' Agreement

Bidco, Ingredion and certain PureCircle Shareholders (including Wang Tak and Mr. BS Tan) (the "**Minority Investors**") have entered into the Bidco Shareholders' Agreement. Those PureCircle Shareholders who elect for the Share Alternative will be required to also agree to be bound by the Bidco Shareholders' Agreement and will, by virtue of their executed acceptance

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form, grant Bidco a power of attorney to execute the deed of adherence to the Bidco Shareholders' Agreement on his, her or its behalf and, if relevant, to appoint an agent for service.

The key terms of the Bidco Shareholders' Agreement are set out below:

Transfers of Bidco Shares

Bidco Shareholders will be permitted to freely transfer shares to a member of their group, or in the case of individuals, certain family members.

Should a Minority Investor wish to transfer some or all of its Bidco Shares to a third party buyer, it will be able to do so subject to: (i) Ingredion having a right of pre-emption to purchase the Bidco Shares on offer; and (ii) thereafter, each other Minority Investor having a right to purchase, pro rata, their proportion of the remaining Bidco Shares on offer. If both Ingredion and the other Minority Investors decline their rights of pre-emption, the seller may sell their shares to the third party buyer, subject to the third party buyer executing a deed of adherence to the Bidco Shareholders' Agreement.

Ingredion will have the right to sell its Bidco Shares to a third party, subject to the tag-along rights of the Minority Investors as described below.

Issue of securities by Bidco

Any change in the issued share capital of Bidco is a shareholder reserved matter.

If Bidco proposes to allot new shares, it may only do so if provided for in the business plan that has been approved by the Bidco Board, and Bidco shall be required to give each Bidco Shareholder the opportunity to subscribe, on the same terms, for their pro rata proportion of the securities to be allotted. Any excess securities which have been declined by any Bidco Shareholder will be offered to any other Shareholders who have committed to subscribe for the full amount of their entitlement to Bidco securities.

Board Representation

Ingredion will have the right to appoint up to four directors to the Bidco Board (each a "**Majority Investor Director**" and collectively the "**Majority Investor Directors**"). The appointment of a Majority Investor Director will be subject to the Minority Investors' right (acting through the minority investor representative) to object, on a single occasion, to a proposed Majority Investor Director. The Minority Investors will have no further right of objection to an alternative nominee proposed by Ingredion, so long as that person meets certain minimum criteria.

For so long as the Minority Investors own, in aggregate, 15% or more of the Bidco Shares, they will have the right to appoint and maintain in office one director (the "**Minority Investor Director**"). The appointment of a Minority Investor Director will be subject to the same right for Ingredion to object to a proposed Minority Investor Director. Should the Minority Investors' share, in aggregate, of the Bidco Shares fall below 15%, the Minority Investors shall effect the removal of the Minority Investor Director within ten business days (with the right to then appoint an observer to the Bidco Board for so long as the Minority Investors own, in aggregate, at least 10% of the Bidco Shares).

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Reserved matters

For so long as the Minority Investors own, in aggregate, 15% or more of the Bidco Shares, certain matters are reserved matters which, unless otherwise provided for in the Bidco Shareholders' Agreement or an approved business plan, will only take place if not vetoed by Minority Investors holding, in aggregate, at least 75% of the Bidco B Shares in issue at such time. These decisions include those: (i) relating to amendments to the articles of association of Bidco which would adversely impact upon the rights and obligations of the Minority Investors, or amendments to Bidco's share capital; (ii) relating to Bidco entering into certain material transactions which are financially in excess of those material transactions reserved for board approval; (iii) relating to incentive or benefit schemes for Bidco's employees; and, (iv) relating to any insolvency proceedings.

Exit Arrangements

According to the Exit Arrangements, annually with effect from 1 January 2022 and for three consecutive years thereafter (namely in total for a period of four years starting from 1 January 2022 and expiring on 31 December 2025), Ingredion will notify the Minority Investors of the number of the Bidco Shares it is willing to purchase that year, which will be equal to at least 6.25% of the total issued Bidco Shares (as at the Effective Date). Ingredion will (unless such number of Bidco B Shares has, in the same year (in respect of each of the three consecutive years commencing from 1 January 2022 and expiring on 31 December 2024), been put on Ingredion in accordance with the Put Option described further below) be obliged to offer to buy such Bidco Shares in accordance with the fair price mechanism set out in the Bidco Shareholders' Agreement (which shall be the fair price as assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer who will be required to apply the valuation methodology as mentioned below). Each Minority Investor will have the right to sell its pro-rata percentage of this number of Bidco Shares to Ingredion at the fair price.

If a Minority Investor declines Ingredion's offer, such Minority Investor will be entitled to sell, within 6 weeks, their pro-rata percentage of the number of Bidco Shares that Ingredion offered to buy to a bona fide third party purchaser for not less than the fair price. The Minority Investor will be required to procure that any such third party purchaser signs a deed of adherence to the Bidco Shareholders' Agreement.

Bidco will not be permitted to undertake an initial public offering without Ingredion's consent. However, so long as the Minority Investors own, in aggregate, 15% or more of the Bidco Shares, the Minority Investors will have the right to be consulted on any proposed initial public offering.

If a Minority Investor suffers a change of control that results in it becoming controlled by a competitor of Bidco, the relevant Minority Investor shall be deemed to have served a transfer notice in favour of Ingredion to sell such Minority Investor's Bidco B Shares at their fair price (as determined by an independent valuer applying the valuation methodology as mentioned below).

The valuation methodology specified in the Bidco Shareholders' Agreement to be applied by the independent valuer as mentioned above is that the "fair price" following referral to the independent valuer shall be the price in US\$ determined on discounted cash flows based on recent

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(by reference to the date of the relevant notice served by Ingredion or a Minority Investor (as the case may be)) past performance of Bidco and projected five year cash flows of Bidco which the independent valuer determines to be the fair value of the Bidco Shares (on a per Bidco Share basis) as at the date of the relevant notice on a sale as between a willing seller and a willing purchaser (taking no account of whether the Bidco Shares do or do not carry control of Bidco or results in Ingredion having a greater level of control as a result of the acquisition of the Bidco Shares) and, if Bidco is then carrying on business as a going concern, on the assumption that it will continue to do so.

Drag-Along and Tag-Along

If Ingredion agrees to sell its entire holding of Bidco Shares (save in the case of a permitted transfer to another member of its group), it will notify the Minority Investors. The Minority Investors will have a right to tag-along their Bidco B Shares to any such sale. If the Minority Investors exercise their tag-along rights, Ingredion must not complete the sale unless it ensures that the buyer offers to buy all the Bidco B Shares held by each of the Minority Investors on the same terms as it is acquiring Ingredion's Bidco A Shares (save that only customary warranties as to unencumbered ownership and authority and capacity will be required to be given by a Minority Investor).

If Ingredion notifies the Minority Investors of its intention to sell its entire holding of Bidco Shares, and the Minority Investors decline, or are deemed to have declined, to exercise their tag-along right, then Ingredion will be entitled to exercise a drag-along right to require the Minority Investors sell their Bidco Shares to the buyer on the same terms as Ingredion (save in respect of warranties to be given).

Put and Call Rights

The Put Option is exercisable during a period of four years starting from 1 January 2022 and expiring on 31 December 2025. During such period: (a) in each of the three consecutive years commencing on 1 January 2022 and expiring on 31 December 2024, the Minority Investors may exercise the Put Option to require Ingredion to purchase, in aggregate, 6.25% of the issued Bidco Shares (as at the Effective Date); and (b) in the year commencing on 1 January 2025 and expiring on 31 December 2025, the Minority Investors may exercise the Put Option to require Ingredion to purchase any remaining Bidco B Shares.

After the fifth anniversary of the Effective Date (being 1 July 2025, subject to change to the expected timetable of the Scheme), Ingredion will be able to exercise the Call Option to require each Minority Investor to sell any Bidco Shares that the Minority Investor still owns.

The Minority Investor's Bidco Shares shall be acquired under the Put Option and/or the Call Option in accordance with the fair price mechanism set out in the Bidco Shareholders' Agreement (which shall be the fair price as assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer who will be required to apply the same valuation methodology as mentioned in the sub-paragraph headed "Exit Arrangements" above).

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Minority Investor Representative

Consents or approvals to be given by the Minority Investors under the Bidco Shareholders' Agreement are to be given by the Minority Investors representative. Such representative will be appointed, and replaced, by decision taken by the Minority Investors representing two-thirds of the Bidco B Shares.

Further information

To the best knowledge, information and belief of the Directors, Bidco being a private company newly incorporated for the purposes of the Acquisition had not prepared any accounts as at the Latest Practicable Date. Set out below is the summary of key consolidated financial information of PureCircle for each of the two years ended 30 June 2019 and the six months ended 31 December 2019, as extracted from PureCircle's published accounts:

	For the year ended 30 June		For the six months ended 31 December
	2018	2019	2019
	(restated)		
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
(Loss) before taxation	(3,446)	(72,243)	(13,310)
(Net loss) after taxation	(1,662)	(79,673)	(13,795)
Net assets value	210,167	159,477	146,055

The book value of the PureCircle Shares held by Wang Tak as at 31 December 2019 was approximately £59,555,000 based on the Closing Price of the PureCircle Shares upon suspension on 28 October 2019. It was approximately £45,165,000 based on the Closing Price of the PureCircle Shares on 30 June 2020, being the last day of the trading of the PureCircle Shares on the Main Market before their cancellation on the Effective Date.

For further details of the Scheme and the Acquisition, please refer to the Scheme Document which is made available on PureCircle's website at www.purecircle.com/aboutpurecircle/offer-for-purecircle/ and on Bidco's website at www.ingredioncompany.co.uk.

Transactions under the Listing Rules

Wang Tak:

- (a) disposed of all 45,392,610 PureCircle Shares it held for cancellation pursuant to the terms of the Acquisition;
- (b) received Bidco B Shares and cash on the basis of 100 pence for each Scheme Share not satisfied by Bidco B Shares pursuant to the terms of the Acquisition; and

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- (c) will be able to dispose of the Bidco B Shares to be held by it to Ingredion pursuant to the Exit Arrangements, the Put Option and the Call Option.

For the purposes of Chapter 14 of the Listing Rules:

- (a) the PureCircle Share Disposal constitutes a disposal for the Company;
- (b) the Bidco Share Acquisition constitutes an acquisition for the Company; and
- (c) the sale of Bidco B Shares by Wang Tak to Ingredion which may occur under the Exit Arrangements, the Put Option and the Call Option, on an aggregated basis, constitutes a disposal for the Company.

Reasons for and benefits of the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangements, the Put Option and the Call Option

According to the published final audited results of PureCircle for the year ended 30 June 2019, PureCircle recorded a net loss after tax continuously for the two years ended 30 June 2018 and 30 June 2019 of US\$1.7 million (restated) and US\$79.7 million respectively, and loss per share of 0.95 US cent (restated) and 45.32 US cents respectively for the two years ended 30 June 2018 and 30 June 2019. As published by PureCircle, for the six months ended 31 December 2019, it recorded unaudited net loss of US\$13.8 million and unaudited loss per share of 7.48 US cents.

Moreover, as mentioned in the Scheme Document, PureCircle has suffered severe cash flow constraints since the last financial year end which have significantly hindered PureCircle in its day-to-day operations. Although these constraints have to a certain degree been alleviated in the short term with funds obtained under, among others, banking facilities, PureCircle is still facing material uncertainties related to its financing arrangements under the Senior Facilities Agreement, which matures on 30 November 2020. In addition, the PureCircle Directors noted when providing an update on trading in January and February 2020 that, while they expected the business to generate positive cash flows, they believed PureCircle may face difficulty in sustaining profit margins in the short term. The PureCircle Directors also set out that there was a risk, particularly in relation to COVID-19, that the PureCircle Group may not have sufficient liquidity up until the financing arrangements under the Senior Facilities Agreement are required to be repaid in November 2020. PureCircle had been actively exploring alternative financing options to refinance its existing term loan before it matures, but had not identified an option which it believed to be deliverable in the near term and likely to be more attractive to PureCircle Shareholders than the Acquisition.

While whether and when to formally propose and proceed with the Scheme and the Acquisition rested entirely with Bidco, its decision to proceed with the Scheme and the Acquisition was premised upon, as a fundamental prerequisite, Bidco being able to secure from the PureCircle Shareholders (including Wang Tak) sufficient level of unconditional support for the Scheme and the Acquisition in the terms of the irrevocable undertakings. It was impracticable to impose any condition on the undertakings as it would defeat the purpose of gathering the written commitments from the PureCircle Shareholders under the circumstances. Further, to the understanding of the

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Directors, without having obtained such undertakings PureCircle would not have been able to secure short-term finances to support its operation for the period before completion of the Acquisition.

As explained above, PureCircle has been recording net loss after tax continuously for the two years ended 30 June 2019 and the six months ended 31 December 2019 according to its published accounts and it has suffered severe cash flow constraints. When deciding to support the Scheme and the Acquisition through Wang Tak executing the Irrevocable Undertaking and the Bidco Shareholders' Agreement, the Directors were aware that should the Group decline to do so, PureCircle would unlikely be able to sustain its business very soon and the Company would suffer significant loss in its investment in PureCircle Shares. It was after prudent and careful consideration and in the belief that it was in the best interests of the Company and the Shareholders as a whole that the Directors reached the decision to support the Scheme and the Acquisition in the prospect that with the introduction of Ingredion as the majority shareholder, PureCircle's operations and performance would likely improve over time.

The Directors believe that the Acquisition will bring about an enhancement of the business operations and financial performance of PureCircle from the present position. In light of Ingredion's proposed privatization of PureCircle through the Acquisition which will result in the incorporation of PureCircle's stevia business into Ingredion's growth platforms, coupled with Ingredion's commitment to significant investment in sugar reduction, combined with its access to innovation and manufacturing expertise in stevia, the Directors concur with the PureCircle Board's view that such combination is expected to drive significant growth synergies and cost savings. For the above reasons, the Directors are optimistic that the Acquisition would over time result in an enhanced value of the Group's investment in PureCircle.

The Directors further believe that the giving of the Irrevocable Undertaking by Wang Tak to elect for the Share Alternative would incentivize the other minority PureCircle Shareholders who have not given irrevocable undertakings to Bidco to approve the Scheme in order to participate in the Cash Offer. Under the terms of the Acquisition, a PureCircle Shareholder may only elect either fully for the Cash Offer or fully for the Share Alternative in respect of all its Scheme Shares. Given that Ingredion has placed an upper limit on the amount of cash it is willing to invest as part of the Acquisition, if Wang Tak chose to elect for the Cash Offer (which would probably terminate Ingredion's interest in investing in PureCircle through the Acquisition), the cash made available by Ingredion for the Cash Offer would be significantly reduced (if not depleted) which would deter (rather than encourage) those minority PureCircle Shareholders who have not given the irrevocable undertakings from supporting the Scheme and the Acquisition, bearing in mind that their support is essential for attaining the 75% approval level of all the Scheme Shareholders present and voting at the Court Meeting for approving the Scheme. The Directors made the decision to elect for the Share Alternative based on reasons other than the comparison between the amount of 100 pence per Scheme Share payable under the Cash Offer and the estimated value of each Bidco B Share to be issued under the Share Alternative.

The Directors also consider that the Exit Arrangements, the Put Option and the Call Option provide a way for the Group by which its investment in Bidco can be realized at a fair price to be determined on the basis as described in the sub-paragraph headed "Exit Arrangements" above should the Group decide to do so.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit

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Arrangements, the Put Option and the Call Option in the context of the Acquisition as a whole 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.

Accordingly, Wang Tak voted in favour of the Scheme and the resolutions put forward at the Court Meeting and the General Meeting to fulfil its obligations under the Irrevocable Undertaking.

Financial implications and use of proceeds

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.

The PureCircle Share Disposal

The Company expects to recognise an unaudited estimated disposal loss from the PureCircle Share Disposal of approximately £28,028,690, which is calculated with reference to (i) the carrying value of each Scheme Share as at 31 December 2019 (being the date to which the latest published consolidated audited financial statements of the Company was made up) of 131.2 pence, being the Closing Price of the PureCircle Shares upon suspension on 28 October 2019; (ii) the total value of £25,510,079 of 39,246,275 Bidco B Shares (on the basis of 65 pence per Bidco B Share) allotted and issued to the Group and £6,146,335 in cash received by the Group under the Acquisition; (iii) a total of 45,392,610 Scheme Shares disposed of by Wang Tak under the Acquisition; and (iv) the estimated transaction expenses attributable to such disposal of approximately £130,000 payable by the Group.

The Company intends to use the net proceeds of £6,016,335 from the PureCircle Share Disposal to repay bank loans which are secured by the PureCircle Shares held by Wang Tak.

Disposal pursuant to the Exit Arrangements, the Put Option and the Call Option, on an aggregated basis

The disposal gain or loss to be recognised by the Company from the Exit Arrangements, the Put Option and the Call Option will be calculated with reference to (i) the carrying value of the Bidco B Shares disposed by Wang Tak as at the end of the relevant financial year of the Company immediately preceding such disposal based on the carrying value of each Bidco B Share as recorded in the then latest available financial statements of Ingredion; (ii) the fair price at which the Bidco Shares will be sold as determined on the basis set out in the sub-paragraphs headed “Exit Arrangements” and “Put and Call Rights” above; (iii) the number of Bidco B Shares to be disposed by Wang Tak; and (iv) the estimated transaction expenses attributable to such disposal payable by the Group. Therefore, the Company is presently unable to arrive at the amount (or an estimate with sufficient degree of certainty) of such disposal gain or loss.

For the same reason, the net proceeds from the disposal of Bidco B Shares pursuant to the Exit Arrangements, the Put Option and the Call Option cannot be ascertained. However, the Company intends to use such net proceeds as general working capital of the Group.

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THE SP AGREEMENT

On 9 June 2020 (after trading hours), Wang Tak and the Purchasers entered into the SP Agreement whereby Wang Tak has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares at the SP Consideration.

The major terms of the SP Agreement are set out below:

Date: 9 June 2020 (after trading hours)

Parties: (i) Wang Tak, as vendor
(ii) the Purchasers comprising Mr. BS Tan, Mr. BL Tan and Ms. LC Tan, as purchasers

Mr. BS Tan is the chairman, the managing Director and a controlling shareholder of the Company. Mr. BL Tan is the younger brother of Mr. BS Tan. Ms. LC Tan is the younger sister of Mr. BS Tan. Therefore, the Purchasers are connected persons of the Company.

Subject matter: the Sale Shares, to be purchased in such numbers as set opposite the names of the Purchasers below.

Name of Purchaser	Number of Sale Shares
Mr. BS Tan	1,500,000
Mr. BL Tan	500,000
Ms. LC Tan	500,000

The Sale Shares are to be sold free from any encumbrances and together with all rights attaching thereto at SP Completion including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof the date of entitlement of which falls on or after the SP Completion Date.

Given that 111,874,671 Bidco B Shares were allotted and issued pursuant to the Acquisition and such Bidco B Shares represent approximately 25% of all Bidco Shares in issue as at completion of the Acquisition, the 2,500,000 Sale Shares represent approximately 0.559% of all Bidco Shares in issue upon completion of the Acquisition.

SP Consideration

The SP Consideration is 100 pence per Sale Share, totalling £2,500,000, which shall be paid in cash by the Purchasers to Wang Tak at SP Completion.

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The SP Consideration was determined after arm's length negotiations between Wang Tak and the Purchasers with reference to the value attributable to a Bidco B Share on the basis of 100 pence to be received by Wang Tak for each Scheme Share not satisfied by Bidco B Shares under the Share Alternative.

The Directors (excluding Mr. BS Tan, and the independent non-executive Directors whose view will be set out in the circular to be issued by the Company after taking into consideration the advice from the Independent Financial Adviser) consider that the SP Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

SP Completion is conditional upon the satisfaction (or, where applicable, waiver) in full of the following:

- (a) Wang Tak having been allotted and issued with the Sale Shares under the Acquisition;
- (b) the Independent Shareholders having approved the SP Agreement and the transactions contemplated thereunder by way of resolution(s) to be proposed and voted on by poll at an extraordinary general meeting of the Company;
- (c) Wang Tak having obtained the written consent from Ingredion to Wang Tak's entering into the SP Agreement and disposing of the Sale Shares pursuant thereto, as required under the Bidco Shareholders' Agreement;
- (d) (if required in addition to the consent referred to in paragraph (c) above) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the SP Agreement having been obtained; and
- (e) the representations and warranties of Wang Tak given in the SP Agreement remaining true and accurate in all material respects.

Wang Tak shall use its best endeavours to procure the fulfilment of the conditions set out in paragraphs (b), (c), (d) (so far as it is concerned) and (e) above. Each Purchaser shall use his/her best endeavours to procure the fulfilment of the condition set out in paragraph (d) (so far as he/she is concerned) above. As at the Latest Practicable Date, the condition set out in paragraph (a) above had been fulfilled.

The Purchasers may, at their absolute discretion, waive the condition set out in paragraph (e) above. Save as aforesaid, none of the parties shall be entitled to waive any of the conditions set out above. If any of the conditions set out above is not satisfied (or, where applicable, waived) in full at or before 5:00 p.m. on 31 December 2020 (or such other date as the parties may from time to time agree in writing), the SP Agreement shall immediately cease and determine (save and except for provisions concerning, among others, confidentiality, miscellaneous matters, notices, costs and stamp duty, governing law and forum which shall continue to have full force and effect), and none of the parties shall have any further obligations and liabilities under the SP Agreement and none of the parties shall take any action to claim damages or to enforce specific performance or any other rights and remedies, save for any antecedent breaches of the terms of the SP Agreement.

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SP Completion

SP Completion will take place on the seventh Business Day after the date on which all the conditions precedent set out in the sub-paragraph headed “Conditions precedent” above have been fulfilled (or, where applicable, waived) in full or such later date as may be agreed by the parties in writing.

Financial information of Bidco

Since (i) Bidco is a private company newly incorporated for the purposes of the Acquisition, (ii) Bidco was a subsidiary of, and controlled by, Ingredion as at the Latest Practicable Date, and (iii) to the best knowledge, information, belief of the Directors Bidco had not prepared any accounts as at the Latest Practicable Date, the Company is unable to obtain and disclose the financial information of Bidco as required under Rules 14.58(5) and (7) of the Listing Rules. As an alternative, please refer to the published consolidated financial information of PureCircle as set out in the paragraph headed “Letter from the Board – The Scheme and the Acquisition – Further information” of this circular, which the Directors believe are of significant value in this respect given that to the best knowledge, information, belief of the Directors the entire issued share capital of PureCircle will form the main assets of Bidco after completion of the Acquisition.

Reasons and benefits of entering into the SP Agreement

As at 31 December 2019, being the date to which the latest published consolidated audited financial statements of the Company was made up, the Group’s cash and cash equivalents amounted to approximately HK\$7,200,000. As at the Latest Practicable Date, out of such amount, only approximately HK\$1,800,000 was readily available to be used for general working capital purposes. The Group is facing difficulty in obtaining further financing by way of bank borrowings in the short term as banks would not accept shares in private companies (including the Bidco B Shares to be allotted and issued to Wang Tak pursuant to the Acquisition) as security for the borrowings. In the Directors’ view, the proposed disposal under the SP Agreement provides an appropriate opportunity for the Group to raise funds. The Directors believe that the proposed disposal of the Sale Shares will generate net cash to the Group of approximately £2,400,000, which will strengthen the Group’s ability to meet its cash out-flow requirements for its ordinary course of business.

The Directors (excluding Mr. BS Tan, and the independent non-executive Directors whose view is set out in the section headed “Letter from the Independent Board Committee” in this circular after taking into consideration the advice from the Independent Financial Adviser) are of the view that the terms of the SP Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Financial implications and use of proceeds

Upon SP Completion, the Company expects to recognise an unaudited estimated disposal gain of approximately £775,000 calculated with reference to (i) the total value of approximately £1,625,000 of the 2,500,000 Sale Shares on the basis of 65 pence per Sale Share; (ii) the total SP Consideration of £2,500,000 to be received by Wang Tak; and (iii) the estimated transaction expenses attributable to such disposal of approximately £100,000 payable by the Group.

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The net proceeds from the disposal (after deducting transaction costs, tax and professional expenses) are expected to be approximately £2,400,000. The Group intends to use such net proceeds as general working capital of the Group.

Material interest of the Directors

As Mr. BS Tan is one of the Purchasers, he is materially interested in the proposed disposal under the SP Agreement and accordingly he abstained from voting on the resolutions relating to the SP Agreement put forward at the Board meeting at which, among others, the SP Agreement and the transactions contemplated thereunder were approved. Except for Mr. BS Tan, none of the Directors has any material interest in the proposed disposal under the SP Agreement. Therefore, none of the Directors (except for Mr. BS Tan who abstained as mentioned above) was required to abstain from voting on the resolutions of the Directors relating to the proposed disposal under the SP Agreement.

IMPLICATIONS UNDER THE LISTING RULES

PureCircle Share Disposal

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the PureCircle Share Disposal is above 75%, the PureCircle Share Disposal constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Bidco Share Acquisition

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Bidco Share Acquisition is above 100%, the Bidco Share Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Possible disposal of Bidco B Shares pursuant to the Exit Arrangements, the Put Option and the Call Option

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the possible disposal of Bidco B Shares pursuant to the Exit Arrangements, the Put Option and the Call Option is above 75%, such possible disposal constitutes a very substantial disposal for the Company and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Proposed disposal of the Sale Shares pursuant to the SP Agreement

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed disposal of the Sale Shares pursuant to the SP Agreement is above 5% but all such applicable percentage ratios are less than 25%, such disposal constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Further, given that (a) Mr. BS Tan is the chairman, the managing Director and a controlling shareholder of the Company, (b) Mr. BL Tan is the younger brother of Mr. BS Tan and (c) Ms. LC

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Tan is the younger sister of Mr. BS Tan, all the Purchasers are connected persons of the Company. Therefore, the proposed disposal of the Sale Shares pursuant to the SP Agreement constitutes a connected transaction for the Company. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the proposed disposal of the Sale Shares pursuant to the SP Agreement is above 5% and the SP Consideration exceeds HK\$10,000,000, such disposal is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

General

The Group has been conducting trading of available-for-sale investments in its ordinary and usual course of business, which is of a revenue nature. The Company was able to apply the exemption under Rule 14.04(1)(g) of the Listing Rules in the past such that neither the acquisition of such investments nor the disposal thereof was subject to the requirements of Chapter 14 of the Listing Rules. When Wang Tak executed the Irrevocable Undertaking and the Bidco Shareholders' Agreement on 9 April 2020 after discussions with Ingredient about the proposed Acquisition, the Company was in dialogue with the Stock Exchange as to whether the Group's trading in securities as part of its ordinary and usual course of business would continue to be exempted under Rule 14.04(1)(g) of the Listing Rules and not regarded as a transaction falling under Rule 14.04(1) of the Listing Rules. Nevertheless, the Company published an announcement on 15 April 2020 disclosing, among others, the execution of the Irrevocable Undertaking and the major aspects of the proposed Scheme and Acquisition and the Irrevocable Undertaking in order to keep the market informed. On 24 April 2020, the Stock Exchange confirmed in writing that based on the amendments to Note 2 to Rule 14.04(1)(g) of the Listing Rules which took effect on 1 October 2019, the exemption under such Rule no longer applied to such trading activities of the Group. Therefore, the Company is only able to seek the approval and ratification of the Shareholders for the PureCircle Share Disposal and the Bidco Share Acquisition as required under Rule 14.49 of the Listing Rules at this point of time. As disclosed in the paragraph headed "Letter from the Board — The Scheme and the Acquisition - Reasons for and benefits of the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangements, the Put Option and the Call Option" in this circular, it was impracticable to impose any condition (including the Shareholders' approval requirement) on the Irrevocable Undertaking as it would defeat the purpose of gathering the written commitments from the PureCircle Shareholders under the circumstances.

EGM

A notice convening the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, to approve, among others, the PureCircle Share Disposal, the Bidco Share Acquisition, the Bidco Shareholders' Agreement, the SP Agreement and the transactions contemplated thereunder (including but not limited to the Exit Arrangements, the Put Option and the Call Option) to be held at Suite 1506-7, 15th Floor, Nine Queen's Road Central, Hong Kong on Monday, 10 August 2020 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at Suite 1506-7, 15th Floor, Nine Queen's Road Central, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so wish.

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In accordance with the requirements of the Listing Rules, the ordinary resolutions to be put forward at the EGM will be voted on by the Shareholders and the Independent Shareholders (as the case may be) by way of poll.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, none of Bidco, Ingredion and their respective close associates held any Shares and therefore no Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the EGM approving the PureCircle Share Disposal, the Bidco Share Acquisition, the Bidco Shareholders' Agreement and the transactions contemplated thereunder (including but not limited to the Exit Arrangements, the Put Option and the Call Option).

As at the Latest Practicable Date, Mr. BS Tan, Ms. Connie Cheng Wai Ka (his wife), Ms. Tan Mei Sian (his daughter), Mr. Tan Yee Seng (his son), Wah Seong Enterprises Sdn Bhd., Zali International Limited and Zali Capital Limited held respectively 1,469,000, 10,000, 1,490,500, 1,490,500, 2,100,000, 14,386,000 and 35,854,000 Shares, representing approximately 1.00%, 0.01%, 1.01%, 1.01%, 1.43%, 9.80% and 24.43% of the total number of Shares in issue, respectively. Wah Seong Enterprises Sdn Bhd., Zali International Limited and Zali Capital Limited are beneficially owned by Mr. BS Tan. Further, Ms. LC Tan held 50,000 Shares as at the Latest Practicable Date, representing approximately 0.03% of the total number of Shares in issue. Mr. BS Tan, Ms. Connie Cheng Wai Ka, Ms. Tan Mei Sian, Mr. Tan Yee Seng, Wah Seong Enterprises Sdn Bhd., Zali International Limited, Zali Capital Limited, Ms. LC Tan and the respective associates of the Purchasers will abstain from voting on the ordinary resolution to be proposed at the EGM in respect of the SP Agreement.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the SP Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Shareholders are concerned. Your attention is drawn to the letter from the Independent Board Committee containing its recommendation set out on page 39 of this circular.

INDEPENDENT FINANCIAL ADVISER

INCU has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the SP Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from INCU is set out on pages 40 to 55 of this circular.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms of the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangements, the Put Option and the Call Option in the context of the Acquisition as a whole 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. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the PureCircle Share Disposal, the Bidco Share Acquisition, the Bidco Shareholders' Agreement and the transactions contemplated thereunder (including but not limited to the Exit Arrangements, the Put Option and the Call Option).

Further, the Directors (excluding Mr. BS Tan and the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" in this circular after taking into consideration the advice from the Independent Financial Adviser) are of the view that the terms of the SP Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding Mr. BS Tan and the independent non-executive Directors whose view is set out in the section headed "Letter from the Independent Board Committee" in this circular after taking into consideration the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the SP Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

Yours faithfully
On behalf of the Board
Lee Hing Development Limited
Tan Boon Seng
Chairman and Managing Director

LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

23 July 2020

To the Independent Shareholders

Dear Sir or Madam

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
PROPOSED DISPOSAL OF BIDCO SHARES TO CONNECTED PERSONS**

We refer to the circular issued by the Company to its Shareholders dated 23 July 2020 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall bear the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the SP Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Details of the SP Agreement and the transactions contemplated thereunder are set out in the letter from the Board contained in the Circular. INCU has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transactions contemplated thereunder. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the letter from INCU contained in the Circular.

Having considered the terms of the SP Agreement and the transactions contemplated thereunder and taking into account the information contained in the Circular and the advice of INCU, we are of the opinion that the proposed disposal of the Sale Shares pursuant to the SP Agreement is in the ordinary and usual course of business of the Group, and that the SP Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be put forward at the EGM to approve the SP Agreement and the transactions contemplated thereunder.

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 Director

LETTER FROM INCU

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the SP Agreement and the transactions contemplated thereunder.



INCU Corporate Finance Limited
Unit 1604A, 16/F, Tower 1, Silvercord
30 Canton Road,
Tsim Sha Tsui, Hong Kong

23 July 2020

*To: The Independent Board Committee
and the Independent Shareholders of
Lee Hing Development Limited*

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO PROPOSED DISPOSAL OF BIDCO SHARES TO CONNECTED PERSONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed disposal of Bidco Shares to connected persons (the “**SP Disposal**”). Details of the SP Disposal are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 23 July 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to (i) the announcement of the Company dated 15 April 2020 in relation to, among other matters, the proposed cash acquisition, with the Share Alternative, by Bidco to acquire the entire issued and to be issued share capital of PureCircle not already directly or indirectly owned by Bidco to be effected by means of the Scheme; and (ii) the announcement of the Company dated 9 June 2020 in relation to, among others, the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangements, the Put Option, the Call Option and the proposed disposal of Bidco B Shares by Wang Tak pursuant to the SP Agreement.

On 9 June 2020 (after trading hours), Wang Tak, a wholly-owned subsidiary of the Company, and the Purchasers (comprising Mr. BS Tan, Mr. BL Tan and Ms. LC Tan) entered into the SP Agreement whereby Wang Tak has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares at the SP Consideration of £2,500,000.

As at the Latest Practicable Date, (a) Mr. BS Tan is the chairman, the managing Director and a controlling shareholder of the Company; (b) Mr. BL Tan is the younger brother of Mr. BS Tan; and (c) Ms. LC Tan is the younger sister of Mr. BS Tan. Hence, all of them are connected persons

LETTER FROM INCU

of the Company. Accordingly, the SP Disposal constitutes a connected transaction and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As at the Latest Practicable Date, Mr. BS Tan, Ms. Connie Cheng Wai Ka (his wife), Ms. Tan Mei Sian (his daughter), Mr. Tan Yee Seng (his son), Wah Seong Enterprises Sdn Bhd., Zali International Limited and Zali Capital Limited held respectively 1,469,000, 10,000, 1,490,500, 1,490,500, 2,100,000, 14,386,000 and 35,854,000 Shares, representing approximately 1.00%, 0.01%, 1.01%, 1.01%, 1.43%, 9.80% and 24.43% of the total number of Shares in issue, respectively. Wah Seong Enterprises Sdn Bhd., Zali International Limited and Zali Capital Limited are beneficially owned by Mr. BS Tan. Further, Ms. LC Tan held 50,000 Shares as at the Latest Practicable Date, representing approximately 0.03% of the total number of Shares in issue. Mr. BS Tan, Ms. Connie Cheng Wai Ka, Ms. Tan Mei Sian, Mr. Tan Yee Seng, Wah Seong Enterprises Sdn Bhd., Zali International Limited, Zali Capital Limited, Ms. LC Tan and the respective associates of the Purchasers will abstain from voting on the ordinary resolution to be proposed at the EGM in respect of the SP Agreement.

During the last two years, there was no previous engagement between us and the Company or any of its subsidiaries or associates, prior to our engagement as the Independent Financial Adviser in relation to the SP Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the SP Agreement and the transactions contemplated thereunder. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the SP Agreement and the transactions contemplated thereunder, and accordingly, are eligible to give independent advice and recommendations on the terms of the SP Agreement and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the SP Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Lim Lay Leng, has been formed to advise the Independent Shareholders as to whether the SP Disposal is in the ordinary and usual course of business of the Group and the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account our recommendations.

As the Independent Financial Adviser, our role is to give independent opinions to the Independent Board Committee and the Independent Shareholders as to whether the SP Disposal is conducted in the ordinary and usual course of the business of the Group and the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM INCU

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in the Circular and/or provided to us by the Company and the management of the Group (the “**Management**”). We have also performed relevant procedures and those steps which we deemed necessary informing our opinions. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, to the relevant public information. The documents and information reviewed include, but not limited to, the Scheme Document, the SP Agreement, the announcement of the Company dated 9 June 2020 in respect of the Acquisition, PureCircle Share Disposal and SP Disposal, annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) and 31 December 2019 (the “**2019 Annual Report**”) and the Circular. We have sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

We have also discussed with the Directors and the Management with respect to the terms of and the reasons for entering into of the SP Agreement, the businesses and future outlook of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group and the Purchasers nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the SP Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

I. Background of the transaction

The PureCircle Share Disposal and Bidco Share Acquisition

On 9 April 2020 (London time), the Ingredion Board and the PureCircle Board announced that they had reached an agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of PureCircle by Bidco (a newly incorporated company registered in England and Wales formed for the purposes of the Acquisition that is wholly owned by Ingredion). The Acquisition is effected by means of a Court-sanctioned Scheme of Arrangement under section 99 of the Bermuda Companies Act.

LETTER FROM INCU

On 18 May 2020 (London time), PureCircle issued the Scheme Document which contains, among others, details of the Scheme and the Acquisition.

The transaction is implemented by means of the Acquisition of PureCircle by Bidco. Bidco has made a voluntary Cash Offer for the entire issued share capital of PureCircle so that Bidco will be the new holding company of the PureCircle Group. Alternatively, eligible PureCircle Shareholders may elect for the Share Alternative in lieu of the Cash Offer up to a maximum of 111,874,671 Bidco Shares so that, following the Bidco Equity Injection and subject to the amount of the Bidco Equity Injection that occurred immediately after the Scheme became effective, the PureCircle Shareholders who validly accepted the Share Alternative would hold up to a maximum of 25% of the Bidco Shares in issue, with Ingredion holding the remainder.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued share capital of PureCircle by cancelling the PureCircle Shares in exchange for either cash pursuant to the Cash Offer or the issue of Bidco Shares pursuant to the Share Alternative. Under the Scheme, the Acquisition is principally achieved by, simultaneously on the Effective Date: (a) all Scheme Shares being cancelled; and (b) PureCircle issuing new PureCircle Shares to Bidco equal to the number of Scheme Shares cancelled, with PureCircle applying the credit arising in its books of account as a result of the cancellation of the Scheme Shares in paying up in full at par such new PureCircle Shares.

The Scheme became effective in accordance with its terms on 1 July 2020.

Cash Offer

Under the terms of the Acquisition, which is subject to the Conditions and the further terms set out in the Scheme Document, Scheme Shareholders are entitled to receive under the Cash Offer 100 pence in cash for each Scheme Share. The Cash Offer represents an opportunity for PureCircle Shareholders to realise a cash sum for their PureCircle Shares as at the date of the Scheme Document.

Share Alternative

As an alternative to the Cash Offer, eligible PureCircle Shareholders can elect to receive one Bidco B Share for each Scheme Share, in lieu of the full cash consideration to which they would otherwise be entitled under the Acquisition (subject to scaling back in accordance with the terms of the Share Alternative) and subject to the terms and conditions of the Share Alternative.

Irrevocable undertakings

Bidco has received irrevocable undertakings from certain PureCircle Shareholders and certain PureCircle Directors, together holding, in aggregate, 125,646,276 PureCircle Shares representing approximately 68.1% of the existing issued share capital of PureCircle in issue on the SD Latest Practicable Date, containing irrevocable commitments to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting. From the total irrevocable undertakings received, the Share Alternative has been

LETTER FROM INCU

elected with respect to 125,106,255 PureCircle Shares representing approximately 67.8% of the existing issued share capital of PureCircle in issue on the SD Latest Practicable Date. As a result, this allows the remaining PureCircle Shareholders to elect for, at their sole option, either the Cash Offer or the Share Alternative (subject to pro rating of the Share Alternative).

Wang Tak and Mr. BS Tan are among the PureCircle Shareholders who have given the above irrevocable undertakings and elected for the Share Alternative in respect of their respective entire holding of PureCircle Shares. Immediately before the Effective Date, Wang Tak and Mr. BS Tan held 45,392,610 PureCircle Shares (representing approximately 24.6% of the issued share capital of PureCircle as at the date of the Scheme Document) and 5,237,502 PureCircle Shares (representing approximately 2.8% of the issued share capital of PureCircle as at the date of the Scheme Document), respectively.

Pursuant to the Acquisition, Wang Tak has been allotted and issued 39,246,275 Bidco B Shares and will receive £6,146,335 (equivalent to approximately HK\$60.85 million) in cash for its Scheme Shares not satisfied by Bidco B Shares.

On 9 June 2020 (after trading hours), Wang Tak, a wholly-owned subsidiary of the Company, and the Purchasers (comprising Mr. BS Tan, Mr. BL Tan and Ms. LC Tan) entered into the SP Agreement whereby Wang Tak has conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, the Sale Shares at the SP Consideration of £2,500,000.

LETTER FROM INCU

II. Background and financial performance of the Group

Background of the Group

The principal business activities of the Group are share investment and dealing (the “**Share Investment and Dealing Business**”) and property investment (the “**Property Investment Business**”). In the Share Investment and Dealing Business, two investments were held by the Group, they are PureCircle (listed on the London Stock Exchange) and IGB Berhad (listed on the Malaysia Stock Exchange).

Wang Tak is a company incorporated in Hong Kong, whose principal activities are property investment, investment holding and sales and purchases of securities.

Historical financial information of the Group

(a) Operating results of the Group for FY2017, FY2018 and FY2019

Set forth below are the audited consolidated financial results of the Group for each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019 (“**FY2017**”, “**FY2018**” and “**FY2019**”, respectively) as extracted from the 2018 Annual Report and the 2019 Annual Report.

	FY2017 <i>(audited)</i> <i>HK\$'000</i> <i>(Note 1)</i>	FY2018 <i>(audited)</i> <i>HK\$'000</i>	FY2019 <i>(audited)</i> <i>HK\$'000</i>
Revenue and income	8,931	13,361	20,160
– Share Investment and Dealing Business	8,931	13,361	19,389
– Property Investment Business	–	–	771
Unrealised loss on financial assets at fair value through profit or loss – listed investments <i>(Note 2)</i>	–	(1,155,578)	(455,043)
Loss attributable to owners of the Company	(36,765)	(1,193,974)	(481,656)

Note 1: Key financial figures for FY2017 are shown in the table above for comparative purpose.

Note 2: Due to changes in accounting policy since 1 January 2018, the fair value change in share investments held by the Group has been recorded in profit and loss. In FY2017, such fair value change was recorded in statement of other comprehensive income therefore no figures were reported in FY2017.

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FY2019 vs FY2018

The Group recorded approximately HK\$20.16 million revenue and income in FY2019, which increased by approximately HK\$6.80 million or 50.89% comparing to approximately HK\$13.36 million in FY2018. The increase was mainly attributable to the net effect of (i) the gain on disposal of a listed investments, IGB Berhad, of approximately HK\$10.50 million; (ii) rental income of approximately HK\$0.77 million newly recorded due to part of leasehold land held by the Group was transferred to be investment properties; and (iii) the absence of exchange gain of approximately HK\$3.88 million in FY2019.

Loss attributable to owners of the Company decreased from approximately HK\$1,193.97 million in FY2018 to approximately HK\$481.66 million in FY2019, representing a decrease by approximately HK\$712.31 million or 59.66%. Such decrease was mainly attributable to the net effect of (i) a decrease in unrealised loss on listed investments of approximately HK\$700.54 million as a result of the increase in share price of IGB Berhad and the extent of decrease in share price of PureCircle reduced during FY2019; (ii) an unrealised gain on derivative financial instruments of approximately HK\$6.67 million during FY2019; (iii) a decrease in operating expenses of approximately HK\$4.25 million; and (iv) an one-off impairment loss of construction in progress of approximately HK\$6.91 million in FY2019.

FY2018 vs FY2017

The Group recorded approximately HK\$13.36 million revenue and income in FY2018, which increased by approximately HK\$4.43 million or 49.61% comparing to approximately HK\$8.93 million in FY2017. The increase was mainly attributable to (i) an increase in dividends received from listed investments of approximately HK\$0.62 million; and (ii) a net exchange gain of approximately HK\$3.88 million recorded in FY2018 while a net exchange loss was recorded in FY2017.

Loss attributable to owners of the Company increased from approximately HK\$36.77 million in FY2017 to HK\$1,193.97 million in FY2018, representing an increase by approximately HK\$1,157.20 million or 3,147.13%. Such increase was mainly attributable to the unrealised loss on listed investments of approximately HK\$1,155.58 million during FY2018. During FY2018, two listed investments, PureCircle and IGB Berhad, were held by the Group. Share price of these two listed investments dropped during FY2018 which led to a substantial loss recorded by the Group.

LETTER FROM INCU

(b) *Financial positions of the Group as at 31 December 2018 and 31 December 2019*

Set out below are the key financial figures of the financial positions of the Group as at 31 December 2018 and 2019, as extracted from the 2019 Annual Report.

	2018 <i>(audited)</i> <i>HK\$'000</i> <i>(Note)</i>	2019 <i>(audited)</i> <i>HK\$'000</i>
Non-current assets	1,647,899	927,192
<i>Mainly comprised:</i>		
– Financial assets at fair value through profit or loss	1,534,776	806,120
Current assets	30,586	67,638
<i>Mainly comprised:</i>		
– Financial assets at fair value through profit or loss	634	48,021
– Time deposits and bank balances	29,271	7,203
Non-current liabilities	150,003	–
Current liabilities	288,956	223,550
<i>Mainly comprised:</i>		
– Bank borrowings	284,858	220,388
Net current liabilities	(258,370)	(155,912)
Net assets	1,239,526	771,280
Gearing ratio	35.1%	29.0%

Note: Key financial figures as at 31 December 2018 are shown in the table above for comparative purpose.

As at 31 December 2019, the Group's non-current assets amounted to approximately HK\$927.19 million, representing a decrease of approximately HK\$720.71 million or 43.74% as compared to that of approximately HK\$1,647.90 million as at 31 December 2018. Such decrease was mainly attributable to (i) the unrealised loss on the listed investments of approximately HK\$455.04 million; (ii) net disposal of the listed investments of approximately HK\$229.50 million; and (iii) listed investments reclassified from non-current assets to current assets of approximately HK\$48.02 million due to the expiry date of the call option of PureCircle falling within twelve months as at 31 December 2019.

The Group's net current liabilities amounted to approximately HK\$155.91 million as at 31 December 2019, representing a decrease of approximately HK\$102.46 million or 39.66% compared to approximately HK\$258.37 million as at 31 December 2018. Such decrease was mainly attributable to the net effect of (i) net cash received from sale and purchase of listed investments of approximately HK\$237.29 million; (ii) repayment of bank borrowings of approximately HK\$214.47 million of which HK\$150.00 million was classified as non-current as at 31 December 2018; and (iii) dividend paid of approximately HK\$3.67 million.

LETTER FROM INCU

Gearing ratio, representing total borrowings divided by the total equity, decreased from 35.1% as at 31 December 2018 to 29.0% as at 31 December 2019. Such decrease was mainly attributable to (i) a decrease in the bank borrowings of approximately HK\$214.47 million or 49.32%; and (ii) a decrease in net assets value of the Group of approximately HK\$468.25 million or 37.78% due to substantially loss recorded in FY2019.

Based on the total number of issued Shares of 146,781,285 as at 31 December 2019, the net asset value per Share amounted to approximately HK\$5.25.

Analysis

In light of the fact that (i) the Group recorded net current liabilities in the past two financial years; (ii) the amount of borrowings substantially outweighed the amount of bank balances; (iii) the financial performance of the Group has fluctuated in the past two financial years; and (iv) the Group has limited source of income as discussed in paragraph headed “Reasons for and benefits of the SP Disposal and intended use of proceeds” below, we consider that the Group is required to raise funds to meet its short term cash out-flow requirement.

III. Background and financial information of Bidco and PureCircle

Background of Bidco

Bidco, a private limited liability company, was incorporated on 1 April 2020 under the laws of England and Wales and will acquire the PureCircle Shares pursuant to the Acquisition. Bidco has not traded since the date of its incorporation nor entered into any obligations, other than in connection with the Acquisition. Bidco was controlled by Ingredion as at Latest Practicable Date.

To the best knowledge, information and belief of the Directors after making reasonable enquiries, Bidco and its controlling shareholder(s) are Independent Third Parties.

Background of PureCircle

As disclosed in the Letter from the Board, PureCircle is a leading producer and innovator of stevia sweeteners for the global food and beverage industry. PureCircle collaborates with farmers who grow the stevia plants and with food beverage companies which seek to improve their low- and no-calorie formulations using a sweetener from plants. PureCircle combines advanced research and development with full vertical integration from farm to high-quality, great-tasting innovative stevia sweeteners. It has been granted over 214 stevia-related patents with more than 300 applied for patents pending. Regulatory approvals in the Philippines for both versions of PureCircle’s Reb M stevia leaf sweetener in September 2019 were followed by approvals in Australia, New Zealand, Indonesia, Thailand, Vietnam and Taiwan.

PureCircle has offices in Europe, Asia and other locations globally. PureCircle’s registered office is located in Bermuda. PureCircle employs approximately 1,000 people globally.

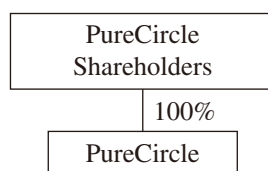
LETTER FROM INCU

Founded in 2002, PureCircle was incorporated in Bermuda and is listed on the Main Market. On 28 October 2019, PureCircle's Shares were suspended from trading on the Main Market, pending publication of PureCircle's audited financial statements for the financial year ended 30 June 2019. The suspension was mainly due to a potential issue relating to the classification and valuation of certain inventory items being identified by the auditors. PureCircle and its professional advisers had commenced investigation, and PureCircle's revenue for the financial year ended 30 June 2018 was restated as a result of the investigation. On 31 March 2020 and 9 April 2020, PureCircle announced its final audited results for the financial year ended 30 June 2019 and unaudited interim results for the six months ended 31 December 2019 respectively. Following these announcements, PureCircle's Shares were restored to trading on 15 April 2020.

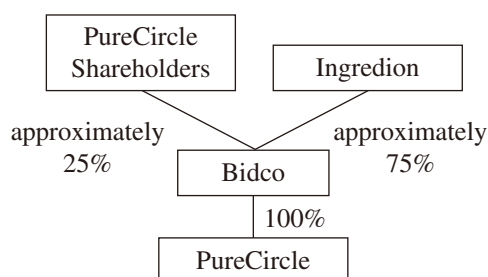
Based on the information available on the website of PureCircle, persons holding 10% or more of the total PureCircle Shares in issue as at 17 May 2020 were Wang Tak (approximately 24.6%) and Olam International Limited (approximately 16.6%), whose ordinary shares are listed on the Singapore Exchange Securities Trading Limited.

Structure of PureCircle

(i) *Before completion of the Acquisition*



(ii) *After completion of the Acquisition*



LETTER FROM INCU

Historical financial information of Bidco and PureCircle

To the best knowledge, information and belief of the Directors, Bidco being a private company newly incorporated for the purposes of the Acquisition had not prepared any accounts as at the Latest Practicable Date. Upon completion of the Acquisition, the entire issued share capital of PureCircle will form the main assets of Bidco.

Set out below is the summary of key consolidated financial information of PureCircle for each of the two years ended 30 June 2019 and the six months ended 31 December 2019, as extracted from PureCircle's published announcement on the website of London Stock Exchange:

	For the year ended 30 June		For the six months ended 31 December
	2018	2019	2019
	<i>(restated)</i>		
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>(Note)</i>		
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	126,601	124,003	46,810
(Loss) before taxation	(3,446)	(72,243)	(13,310)
(Net loss) after taxation	(1,662)	(79,673)	(13,795)

Note: Key financial figures for the year ended 30 June 2018 are shown in the table above for comparative purpose.

PureCircle generated revenue of approximately US\$124.0 million, gross profit of US\$1.2 million and a loss before taxation of US\$72.2 million for the year ended 30 June 2019. PureCircle recorded an increase of loss before taxation of US\$68.8 million, when compared to that for the previous year ended 30 June 2018. PureCircle's operating loss was primarily due to net realisable value of inventory being written down by US\$19.7 million and a provision of slow-moving inventory of US\$14.8 million, offsetting against other income of US\$5.5 million received from a R&D supplier on termination of R&D agreement.

As mentioned in the PureCircle's published announcement on the website of London Stock Exchange dated 31 March 2020, the management of PureCircle considered the outlook for the coming years becomes more cautious and expected a reduction of future sales orders compared to prior years, due to the volatile outlook and economic uncertainties arising from the COVID-19 pandemic.

The book value of the PureCircle Shares held by Wang Tak as at 31 December 2019 was approximately £59,555,000 based on the Closing Price of the PureCircle Shares upon suspension on 28 October 2019. It was approximately £45,165,000 based on the Closing Price of the PureCircle Shares on 30 June 2020, being the last trading day of the PureCircle Shares on the Main Market before their cancellation on the Effective Date.

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In view of the loss-making position of PureCircle for the two financial years ended 30 June 2019 and six months ended 31 December 2019 and the global economic slowdown caused by the COVID-19, we are of the view that the prospect of PureCircle remains uncertain.

IV. Exit Arrangements

As disclosed in the Letter from the Board, according to the Exit Arrangements, annually with effect from 1 January 2022 and for three consecutive years thereafter (namely in total for a period of four years starting from 1 January 2022 and expiring on 31 December 2025), Ingredion will notify the Minority Investors of the number of the Bidco Shares it is willing to purchase that year, which will be equal to at least 6.25% of the total issued Bidco Shares (as at the Effective Date). Ingredion will (unless such number of Bidco B Shares has, in the same year (in respect of each of the three consecutive years commencing from 1 January 2022 and expiring on 31 December 2024), been put on Ingredion in accordance with the Put Option) be obliged to offer to buy such Bidco Shares in accordance with the fair price mechanism set out in the Bidco Shareholders' Agreement. Each Minority Investor will have the right to sell its pro-rata percentage of this number of Bidco Shares to Ingredion at the fair price.

The Put Option is exercisable during a period of four years starting from 1 January 2022 and expiring on 31 December 2025. During such period: (a) in each of the three consecutive years commencing on 1 January 2022 and expiring on 31 December 2024, the Minority Investors may exercise the Put Option to require Ingredion to purchase, in aggregate, 6.25% of the issued Bidco Shares (as at the Effective Date); and (b) in the year commencing on 1 January 2025 and expiring on 31 December 2025, the Minority Investors may exercise the Put Option to require Ingredion to purchase any remaining Bidco B Shares.

After the fifth anniversary of the Effective Date (being 1 July 2025, subject to change to the expected timetable of the Scheme), Ingredion will be able to exercise the Call Option to require each Minority Investor to sell any Bidco Shares that the Minority Investor still owns.

We noted that the Exit Arrangements would provide flexibility for the Group, as one of the Minority Shareholders, to dispose of its Bidco B Shares to Ingredion at a specific time as set out above. However, having considered that the Group incurred net current liabilities of HK\$155.91 million as at 31 December 2019 as mentioned in the section headed "Background and financial performance of the Group" above, we are of the view that the Exit Arrangements will only become effective from 1 January 2022 and would not be a timely measure for the Group to recover cash level for its operation.

V. Reasons for and benefits of the SP Disposal and intended use of proceeds

As stated in the Letter from the Board, as at 31 December 2019, the Group's cash and cash equivalents amounted to approximately HK\$7.20 million. As at the Latest Practicable Date, out of such amount, only approximately HK\$1.80 million was readily available to be used for general working capital purposes. The Group is facing difficulty in obtaining further financing by way of bank borrowings in the short term as banks would not accept shares in private companies (including the Bidco B Shares to be allotted and issued to Wang Tak pursuant to the Acquisition) as security for the borrowings.

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With reference to the section headed “Background and financial performance of the Group” above, the main source of income of the Group is the sale of share investments held by the Group. We have also noted that the Group recorded net current liabilities and is required to raise funds to meet its short-term cash out-flow requirements in the short run. Since the Group has given the irrevocable undertaking and elected Share Alternative in respect of its entire holding of PureCircle Shares, the Group is unable to dispose of its entire holding of PureCircle Shares from public market during the period from the date of entering into the irrevocable undertaking to the Effective Date in order to meet its working capital needs. For the investments in IGB Berhad held by the Group, as enquired with the Directors, since the share price of IGB Berhad is currently in an increasing trend, the Group intends to retain this investment for capital appreciation. Therefore, the SP Disposal is an appropriate opportunity for the Group to realise its investments and continue the business operations.

Other than realising the investments held by the Group, we have discussed with the Management in respect of the consideration of equity fund raising method. For placing of new Shares, the Directors have considered that (i) given the thin trading volume and the low liquidity of the Shares, the placing agent may face difficulties to seek potential investor(s); (ii) higher cost to arrange a placing of new Shares, as the placing agent would charge commission with reference to certain percentages of the amount of the fund raising; and (iii) the placing of new Shares will cause immediate dilution to the shareholding of existing Shareholders. For rights issue or open offer, the Directors have considered that (i) more documentation is typically required for a rights issue or an open offer; and (ii) it is more costly to arrange rights issue or open offer than a disposal as more professional parties would need to be engaged in a rights issue or an open offer. Therefore, we concur with the Directors that rather than conducting an equity fund raising, the entering into SP Agreement represents an opportunity for the Group to enhance its ability to meet its short term cash out-flow requirements at a reasonable cost.

As disclosed in the Letter from the Board, the Group will receive approximately £6.02 million (equivalent to approximately HK\$59.56 million) in cash for its Scheme Shares not satisfied by Bidco B Shares pursuant to the Acquisition after deducting related transaction expenses of approximately £130,000 payable by the Group. In FY2019, the Group has incurred finance costs of approximately HK\$20.37 million. The Group intends to use such net proceeds to settle bank borrowings which are secured by the PureCircle Shares presently held by Wang Tak with principal amount of US\$4.55 million (equivalent to approximately HK\$35.26 million) in full. Such bank borrowings are required to repay upon the PureCircle Shares being privatised as banks would not accept shares in private companies as security for the borrowings. As such, the finance costs incurred by the Group will be reduced in the coming years. With reference to the 2019 Annual Report, the Group has incurred operating expenses of approximately HK\$25.06 million in FY2019. By entering into the SP Agreement, the Group is expected to receive additional £2.40 million (equivalent to approximately HK\$23.76 million) from the SP Disposal (after deducting transaction costs, tax and professional expenses) and such net proceeds will be applied as general working capital of the Group which will strengthen the Group’s ability to meet its cash out-flow requirements for its ordinary course of business. We have reviewed the working capital forecast of the Group prepared by the Management for the period covering at least 12 months from the Latest Practicable Date and discussed the said forecast and its underlying bases and assumptions with the Management. We note that in preparation of the Group’s working capital forecast, the Management has taken into account (i) the repayment schedule of the Group’s existing bank borrowings in the next 12 months; (ii) the operation expenses to be incurred by the Group in the next 12 months; and

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(iii) the current level of bank balances. According to the Management, after taking into account (i) the bank balances of approximately HK\$1.80 million as at the Latest Practicable Date together with the net proceeds from the Acquisition of approximately HK\$59.56 million; (ii) the repayment of the bank borrowings which are secured by the PureCircle Shares presently held by Wang Tak of approximately HK\$35.26 million; and (iii) the net proceeds from the SP Disposal of approximately HK\$23.76 million, the Group would have approximately HK\$49.86 million left for the general working capital outflow for the coming 12 months. Having considered the above and having reviewed the Group's working capital expenses breakdown for the period ending 30 June 2021, we are of the view that the Group has a funding need to meet its cash out-flow requirements for its ordinary course of business.

To conclude, we concur with the Directors' view that the SP Disposal is a more preferable financing method than the above financing alternatives after taking into account (i) the Group has limited cash level for working capital purpose; (ii) banks would not accept shares in private companies as security for borrowings; (iii) placing of new Shares will bring immediate dilution effect to the Shareholders; and (iv) rights issue or open offer incur higher cost to complete.

VI. Principal terms of the SP Agreement

The major terms of the SP Agreement are set out below:

Date:	9 June 2020 (after trading hours)
Parties:	(i) Wang Tak, as vendor (ii) the Purchasers comprising Mr. BS Tan, Mr. BL Tan and Ms. LC Tan, as purchasers
Subject matter:	the Sale Shares, to be purchased in such numbers as set opposite the names of the Purchasers below:

Name of Purchaser	Number of Sale Shares
Mr. BS Tan	1,500,000
Mr. BL Tan	500,000
Ms. LC Tan	500,000

Given that 111,874,671 Bidco B Shares were allotted and issued pursuant to the Acquisition and such Bidco B Shares will represent approximately 25% of all Bidco Shares in issue as at completion of the Acquisition, the 2,500,000 Sale Shares represent approximately 0.559% of all Bidco Shares in issue upon completion of the Acquisition.

The SP Consideration is 100 pence per Sale Share, totaling £2,500,000, which shall be paid in cash by the Purchasers to Wang Tak at SP Completion.

The SP Consideration was determined after arm's length negotiations between Wang Tak and the Purchasers and is equivalent to 100 pence to be received by Wang Tak for each Scheme Share not satisfied by Bidco B Shares under the Share Alternative.

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Given that (i) the SP Consideration per Sale Share is equivalent to the Cash Offer, which provides an exit opportunity for the Group to realise part of its investment in PureCircle at the same consideration of the Cash Offer; and (ii) the cash out-flow requirements as discussed in paragraph headed “Reasons for and benefits of the SP Disposal and intended use of proceeds” above, we are of the view that the SP Consideration is fair and reasonable and it is beneficial to the Company and the Shareholders as a whole.

It is expected that completion of the SP Disposal and receipt of cash from the Purchasers will take place no later than 12 January 2021 (i.e. seventh Business Day after 31 December 2020) as set out in the Letter of the Board.

VII. Possible financial effects of the SP Disposal

1. Net asset value and earnings

Upon SP Completion, the Company expects to recognise a disposal gain of approximately £775,000 calculated with reference to (i) the total value of approximately £1,625,000 of the 2,500,000 Sale Shares on the basis of 65 pence per Sale Share; (ii) the total SP Consideration of £2,500,000 to be received by Wang Tak; and (iii) the estimated transaction expenses attributable to such disposal of approximately £100,000 payable by the Group. It is expected the net assets value of the Group will be increased by the same amount of such disposal gain, which is estimated at approximately £775,000.

The actual financial effect of the SP Disposal to the Group upon SP Completion is subject to the final audit to be performed by the auditors of the Company.

2. Working capital

Since the SP Consideration of £2,500,000 will be settled in cash by the Purchasers to the Company, the Group shall have an immediate cash inflow of the net proceeds of approximately £2,400,000 and hence its working capital position is expected to improve upon SP Completion.

LETTER FROM INCU

RECOMMENDATION

Having taken into account, in particular, (i) reasons for and benefits of the SP Disposal; (ii) the basis of determination of the SP Consideration; and (iii) the fact that the Exit Arrangements by Ingredient would not be a timely measure for the Group to recover cash level for its operation, we are of the view that the SP Disposal is in the ordinary and usual course of business and the terms of the SP Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the upcoming EGM to approve the SP Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

For the purposes of illustration only, amounts denominated in £ in this letter have been translated into HK\$ at the rate of £1.00 = HK\$9.90. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

For the purposes of illustration only, amounts denominated in US\$ in this letter have been translated into HK\$ at the rate of US\$1.00 = HK\$7.75. Such translation should not be constructed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended 31 December 2019 is disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.lhd.com.hk). Please refer to the hyperlinks below:

- Annual report of the Company for the financial year ended 31 December 2017 (pages 32 to 72)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0326/ltn20180326339.pdf>
- Annual report of the Company for the financial year ended 31 December 2018 (pages 32 to 76)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0326/ltn20190326351.pdf>
- Annual report of the Company for the financial year ended 31 December 2019 (pages 37 to 85)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0407/2020040700326.pdf>

INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total indebtedness of approximately HK\$218.6 million as summarised below:

Borrowings

The Group had total outstanding borrowings of approximately HK\$218.6 million, further details of which are set out below:

- (1) bank borrowings of the Group with the total amount of approximately HK\$210.4 million were guaranteed and secured by leasehold land and buildings, investment properties and certain financial assets at fair value through profit or loss and bank deposits held by the Group;
- (2) bank overdraft of the Group with the total amount of approximately HK\$8.1 million were guaranteed and secured by leasehold land and buildings held by the Group; and
- (3) equity swap of the Group with the total amount of approximately HK\$0.1 million were guaranteed and secured by certain financial assets at fair value through profit or loss held by the Group.

Pledged of assets

The Group had total outstanding borrowings of approximately HK\$218.6 million were secured by leasehold land and buildings, investment properties and certain financial assets at fair value through profit or loss, and bank deposits held by the Group. The carrying amount of the pledged assets amounted to approximately HK\$599.6 million.

Save as aforesaid and apart from intra-group liabilities, normal trade payables and contract liabilities in the normal course of business, at the close of business on 31 May 2020, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the PureCircle Share Disposal, the Bidco Share Acquisition and the proposed disposal of Bidco B Shares by Wang Tak under the SP Agreement, the working capital available to the Group is sufficient for the Group's requirements for at least the next 12 months from the date of this circular in the absence of any unforeseen circumstances.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

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. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group. The Group will continue to conduct its business taking into account, among others, the market conditions and the cashflow of the Group.

EFFECTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

From the PureCircle Share Disposal and the Bidco Share Acquisition

Set out in Appendix III to this circular is the unaudited consolidated pro forma financial information of the Group which illustrates the effect of the PureCircle Share Disposal and the Bidco Share Acquisition on the assets and liabilities of the Group, assuming that the PureCircle Share Disposal and the Bidco Share Acquisition had taken place on 31 December 2019.

As set out in the unaudited consolidated pro forma financial information of the Group in Appendix III to this circular, the consolidated total assets of the Group will be (i) decreased by £59,555,104, being the total value of 45,392,610 PureCircle Shares (at 131.2 pence per PureCircle Share, being the Closing Price of PureCircle's Shares upon suspension on 28 October 2019) disposed of by the Group pursuant to the PureCircle Share Disposal; (ii) increased by £6,146,335, being the amount of cash received by the Group from Bidco on the basis of 100 pence for each Scheme Share not satisfied by Bidco B Shares; and (iii) increased by £25,510,079, being the total value of 39,246,275 Bidco B Shares (on the basis of 65 pence for each Bidco B Share) allotted and issued by Bidco to the Group under the Bidco Share Acquisition; and (iv) the estimated transaction expenses attributable to the PureCircle Share Disposal and the Bidco Share Acquisition disposal of approximately £130,000 payable by the Group.

With respect to earnings, the Company expects to recognise an unaudited estimated disposal loss from the PureCircle Share Disposal of approximately £28,028,690, which is calculated with reference to (i) the carrying value of each Scheme Share as at 31 December 2019 (being the date to which the latest published consolidated audited financial statements of the Company was made up) of 131.2 pence, being the Closing Price of the PureCircle Shares upon suspension on 28 October 2019; (ii) the total value of £25,510,079 of 39,246,275 Bidco B Shares (on the basis of 65 pence per Bidco B Share) allotted and issued to the Group and £6,146,335 in cash received by the Group under the Acquisition; (iii) a total of 45,392,610 Scheme Shares disposed of by the Group under the Acquisition; and (iv) the estimated transaction expenses attributable to such disposal of approximately £130,000 payable by the Group.

From the possible disposal of Bidco B Shares by Wang Tak under the Exit Arrangements, the Put Option and the Call Option

Given that the number of Bidco Shares which may eventually be disposed of by the Group under the Exit Arrangements, the Put Option and the Call Option, together with the price per Bidco B Share at which the Bidco B Shares may be disposed of, cannot be ascertained or estimated at the present time, the Company is unable to assess with any certainty the effects of the possible disposal of Bidco B Shares by the Group thereunder on the earnings and assets and liabilities of the Group.

EXCESS OR DEFICIT OVER OR UNDER THE NET BOOK VALUE

In respect of the PureCircle Share Disposal

The Company expects a deficit of approximately £27,898,690 under the net book value of the PureCircle Shares it held as at 31 December 2019 (being the date to which the latest published consolidated audited financial statements of the Company was made up) as a result of the PureCircle Share Disposal, which is based on (i) the carrying value of each Scheme Share as at 31 December 2019 of 131.2 pence, being the Closing Price of the PureCircle Shares upon suspension on 28 October 2019; (ii) a total of 45,392,610 Scheme Shares disposed of by the Group under the Acquisition; and (iii) the total value of £25,510,079 of 39,246,275 Bidco B Shares (on the basis of 65 pence for each Bidco B Share) allotted and issued to the Group and £6,146,335 received by the Group for its Scheme Shares not satisfied by Bidco B Shares.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

FINANCIAL STATEMENTS OF PURECIRCLE

Since (i) Bidco is a private company newly incorporated for the purposes of the Acquisition, (ii) Bidco was a subsidiary of, and controlled by, Ingredion as at the Latest Practicable Date, and (iii) to the best knowledge, information, belief of the Directors Bidco had not prepared any accounts as at the Latest Practicable Date, the Company does not have the necessary information and resources to compile the financial statements of Bidco as required under Rule 14.69(4) of the Listing Rules in respect of the Bidco Share Acquisition and the possible disposal of Bidco B Shares by the Group pursuant to the Exit Arrangements, the Put Option and the Call Option. As an alternative, please refer to the following published consolidated financial statements of PureCircle, which the Directors believe are of significant value for the purposes of appreciating the financial positions of Bidco given that to the best knowledge, information, belief of the Directors the entire issued share capital of PureCircle will form the main assets of Bidco after completion of the Acquisition and that PureCircle was a company listed on the Main Market during the three financial years ended 30 June 2019 and the six month period ended 31 December 2019. Further, the Bidco B Shares acquired by the Group under the Bidco Share Acquisition in its ordinary and usual course of business will be recognised as financial assets at fair value through profit or loss in the consolidated accounts of the Company and the Bidco Share Acquisition will not result in Bidco being accounted for as a subsidiary or an associate of the Company.

I. Audited consolidated financial statements of PureCircle

Audited consolidated financial information of PureCircle for the three financial years ended 30 June 2019 is set out in the following documents which have been published on the website of PureCircle (www.purecircle.com). Please refer to the hyperlinks below:

- Annual report of PureCircle for the financial year ended 30 June 2017 (pages 65 to 100)
<https://purecircle.com/app/uploads/PureCircle-AR17.pdf>
- Annual report of PureCircle for the financial year ended 30 June 2018 (pages 62 to 100)
<https://purecircle.com/app/uploads/PureCircle-AR18.pdf>
- Annual report of PureCircle for the financial year ended 30 June 2019 (pages 81 to 136)
<https://purecircle.com/app/uploads/PureCircle-Limited-%E2%80%93-Annual-Report-2019.pdf>

II. Unaudited condensed consolidated financial statements of PureCircle

Unaudited consolidated financial information of PureCircle for the six month period ended 31 December 2019 is set out in the following document which has been published on the website of PureCircle (www.purecircle.com). Please refer to the hyperlink below:

- Half-year report of PureCircle for the six month period ended 31 December 2019 (pages 8 to 28)

<https://purecircle.com/app/uploads/9-April-2020-RNS-1HFY2020-FINAL.pdf>

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING AND ENLARGED GROUP**Introduction**

The accompanying unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group immediately after the completion of disposal of PureCircle shares and acquisition of Bidco B shares (the “**Remaining and Enlarged Group**”) (collectively, the “**Unaudited Pro Forma Financial Information**”) have been prepared by the directors of the Company (“**Directors**”) in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effects on the historical consolidated financial position, the consolidated results and the consolidated cash flows of the Remaining and Enlarged Group upon the completion of the proposed disposal of shares of PureCircle Limited and acquisition of shares of Ingredion SRSS Holdings Limited (the “**Transaction**”).

The unaudited pro forma consolidated statement of financial position of the Remaining and Enlarged Group has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2019, which has been extracted from the Group’s published annual report for the year ended 31 December 2019 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Transaction had taken place at 31 December 2019.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Remaining and Enlarged Group have been prepared based on the audited consolidated statement profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2019, which have been extracted from the Group’s published annual report for the year ended 31 December 2019 and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Transaction had taken place at 1 January 2019.

The accompanying Unaudited Pro Forma Financial Information of the Remaining and Enlarged Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information to provide information of the Remaining and Enlarged Group upon completion of the Transaction. As the Unaudited Pro Forma Financial Information of the Remaining and Enlarged Group is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining and Enlarged Group following the completion of the Transaction and does not purport to describe the actual financial position, results of operations and cash flows of the Remaining and Enlarged Group that would have been attained had the Transaction taken place at the dates indicated herein. Further, the accompanying Unaudited Pro Forma Financial Information of the Remaining and Enlarged Group does not purport to predict the future financial position, results of operations or cash flows of the Remaining and Enlarged Group after the completion of the Transaction.

The Unaudited Pro Forma Financial Information of the Remaining and Enlarged Group has been prepared in accordance with paragraph 29 of Chapter 4 and paragraphs 68(2)(a)(ii) and 69(4)(a)(ii) of Chapter 14 of the Listing Rules. The Unaudited Pro Forma Financial Information of the Remaining and Enlarged Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Group for the year ended 31 December 2019 and other financial information included elsewhere in the Circular.

The unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019 do not constitute the Company's statutory annual consolidated financial statements for the year ended 31 December 2019 but is derived from those financial statements.

Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance is as follows:

The Company has delivered these financial statements to the Registrar of the Companies as required by Section 662(3) of, and Part 3 of Schedule 6, to the Companies Ordinance.

The Company's auditor has reported on these financial statements. The independent auditor's report was qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis; did not contain a statement under Sections 406(2) and contained a statement under 407(2) or (3) of the Companies Ordinance.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE REMAINING AND ENLARGED GROUP

	The Group as at 31/12/2019	Pro forma adjustments	The Remaining and Enlarged Group as at 31/12/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 3</i>	
Non-current assets			
Investment properties	55,000		55,000
Property, plant and equipment	30,268		30,268
Associates	27,387		27,387
Financial assets at fair value through profit or loss	806,120	(299,919)	506,201
Financial assets at fair value through other comprehensive income	8,417		8,417
Other non-current assets	–		–
	<u>927,192</u>		<u>627,273</u>
Current assets			
Financial assets at fair value through profit or loss	48,021	(48,021)	–
Derivative financial instruments	11,276		11,276
Other assets	295		295
Accounts receivable, deposits and prepayments	843		843
Time deposits and bank balances	7,203	61,487	68,690
	<u>67,638</u>		<u>81,104</u>

	The Group as at 31/12/2019	Pro forma adjustments	The Remaining and Enlarged Group as at 31/12/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 3</i>	
Current liabilities			
Bank borrowings	220,388		220,388
Accounts payable, deposits and accruals	2,801		2,801
Other payable	348		348
Current tax liabilities	13		13
	<u>223,550</u>		<u>223,550</u>
Net current liabilities	<u>(155,912)</u>		<u>(142,446)</u>
Total assets less current liabilities	<u>771,280</u>		<u>484,827</u>
Equity			
Share capital	717,808		717,808
Reserves	53,472	(286,453)	(232,981)
Total equity	<u>771,280</u>		<u>484,827</u>

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME OF THE REMAINING AND
ENLARGED GROUP

	The Group for the year ended 31/12/2019	Pro forma adjustments			The Remaining and Enlarged Group for the year ended 31/12/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 2</i>	<i>Note 4</i>	<i>Note 5</i>		
Revenue and income	20,160	(10,438)			9,722
Unrealised gain on derivative financial instruments	6,661				6,661
Unrealised (loss)/gain on financial assets at fair value through profit or loss – listed investments	(455,043)		545,298		90,255
Impairment loss of construction in progress	(6,906)				(6,906)
Loss on revaluation of investment properties	(1,000)				(1,000)
Operating expenses	<u>(25,063)</u>	(830,140)			<u>(855,203)</u>
Operating loss before finance costs	(461,191)				(756,471)
Finance costs	<u>(20,365)</u>				<u>(20,365)</u>
Operating loss after finance costs	(481,556)				(776,836)
Share of results of associates	<u>(53)</u>				<u>(53)</u>
Loss before tax	(481,609)				(776,889)
Income tax	<u>(47)</u>				<u>(47)</u>
Loss attributable to owners of the Company	<u>(481,656)</u>				<u>(776,936)</u>

	The Group			The
	for the			Remaining
	year ended			and
	31/12/2019			Enlarged
	Pro forma adjustments			Group
				for the
	HK\$'000	HK\$'000	HK\$'000	year ended
	Note 2	Note 4	Note 5	31/12/2019
				HK\$'000
Other comprehensive income/(loss)				
Item that will not be reclassified to profit or loss:				
Gain on revaluation of properties at the date of change in use	15,999			15,999
Financial assets at fair value through other comprehensive income: net movements in investment revaluation reserve	(1,500)			(1,500)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign subsidiaries and associates	2,562			2,562
	<u>17,061</u>			<u>17,061</u>
Total comprehensive loss attributable to owners of the Company	<u>(464,595)</u>			<u>(759,875)</u>

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF
THE REMAINING AND ENLARGED GROUP

	The Group for the year ended 31/12/2019	Pro forma adjustments		The Remaining and Enlarged Group for the year ended 31/12/2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 2</i>	<i>Note 4</i>	<i>Note 5</i>	
Cash flows from operating activities				
Loss before tax	(481,609)	(840,578)	545,298	(776,889)
Adjustments for:				
Depreciation	678			678
Amortisation of leasehold land	74			74
Share of results of associates	53			53
Net (gain)/loss on financial assets at fair value through profit or loss – listed investments	(10,438)	840,578		830,140
Unrealised loss/(gain) on financial assets at fair value through profit or loss – listed investments	455,043		(545,298)	(90,255)
Unrealised gain on derivative financial instruments	(6,661)			(6,661)
Write back of impairment losses on amount due from an investee company	(274)			(274)
Impairment loss of construction in progress	6,906			6,906
Loss on revaluation of investment properties	1,000			1,000
Unrealised exchange gain	(605)			(605)
Finance costs	20,365			20,365
Interest income	(250)			(250)
Dividend income	(7,808)			(7,808)

	The Group			The
	for the			Remaining
	year ended	Pro forma adjustments		and
31/12/2019			Enlarged	
	HK\$'000	HK\$'000	HK\$'000	Group for
	Note 2	Note 4	Note 5	the year
				ended
				31/12/2019
				HK\$'000
Operating loss before working capital changes	(23,526)			(23,526)
Decrease in financial assets at fair value through profit or loss – unlisted investments	634			634
Increase in derivative financial instruments	(4,615)			(4,615)
Increase in accounts receivable, deposits and prepayments	(457)			(457)
Decrease in accounts payable, deposits and accruals	<u>(1,039)</u>			<u>(1,039)</u>
Cash used in operations	(29,003)			(29,003)
Dividends received	7,808			7,808
Interest received	250			250
Finance costs paid	(20,272)			(20,272)
Overseas tax paid	<u>(40)</u>			<u>(40)</u>
Net cash used in operating activities	<u>(41,257)</u>			<u>(41,257)</u>

	The Group for the year ended 31/12/2019			The Remaining and Enlarged Group for the year ended 31/12/2019
	Pro forma adjustments			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 2	Note 4	Note 5	
Cash flows from investing activities				
Purchase of property, plant and equipment	(90)			(90)
Purchase of financial assets at fair value through profit or loss – listed investments	(2,654)			(2,654)
Proceeds from disposals of financial assets at fair value through profit or loss – listed investments	239,940	59,803		299,743
Decrease in bank deposits pledged to banks	20,377			20,377
Net cash generated from investing activities	<u>257,573</u>			<u>317,376</u>
Cash flows from financing activities				
Repayment of bank loans	(213,384)			(213,384)
Dividends paid	(3,669)			(3,669)
Net cash used in financing activities	<u>(217,053)</u>			<u>(217,053)</u>
Net (decrease)/increase in cash and cash equivalents	(737)			59,066
Cash and cash equivalents at 1 January	983			983
Effect of foreign exchange rates changes	172			172
Cash and cash equivalents at 31 December	<u>418</u>			<u>60,221</u>

	The Group			The
	for the	Pro forma adjustments		Remaining
	year ended			and
	31/12/2019			Enlarged
	HK\$'000	HK\$'000	HK\$'000	Group for
	Note 2	Note 4	Note 5	the year
				ended
				31/12/2019
				HK\$'000
Analysis of the balances of cash and cash equivalents				
Time deposits and bank balances	7,203	59,803		67,006
Bank deposits pledged to banks	(3,182)			(3,182)
Bank overdrafts	(3,603)			(3,603)
	<u>418</u>			<u>60,221</u>

Notes:

- The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019, which is referred to in section 1 of Appendix I to this circular.
- The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019, which is referred to in section 1 of Appendix I to this circular.
- These adjustments represent the consideration is satisfied in cash and Share Alternative in the amount as shown below, as if the Transaction had taken place at 31 December 2019.

Cash consideration: 100 pence per PureCircle Share

Fair value of Bidco B Share: 65 pence

Citigroup Global Markets Limited estimated the fair value of each Bidco B Share would be within a range 65 and 90 pence. The directors are in the opinion that fair value of Bidco B share approximates to 65 pence after taking into account of dilutive effect.

The Share Alternative is limited to a maximum of 111,874,671 Bidco B Shares which will be available for eligible PureCircle Shareholders. To the extent that the elections for the Share Alternative cannot be satisfied in full, they will be scaled back pro rata to the size of such elections and the balance of the consideration due to PureCircle Shareholders who have made such elections will be satisfied in cash in accordance with the terms of the Acquisition.

The Group held 45,392,610 PureCircle Shares (41,811,216 in ordinary shares and 3,581,394 under call option) and made an irrevocably undertaken to elect for the Share Alternative. Subject to pro rating, the Group is expected to receive 39,246,275 Bidco B Shares and GBP6,146,335.

	<i>HK\$'000</i>	<i>HK\$'000</i>
Consideration:		
Cash (GBP6,146,335)		62,816
Less:		
Estimated expenses directly attributable to the Transaction (GBP130,000)		<u>(1,329)</u>
Net cash proceeds from the Transaction		61,487
Add:		
Fair value of Bidco B Shares (GBP25,510,079)	<i>(a)</i>	<u>260,713</u>
Adjusted consideration		<u>322,200</u>
Less:		
Carrying amount of 45,392,610 PureCircle Shares:		
41,811,216 ordinary shares (GBP54,856,315)	(560,632)	
3,581,394 under call option (GBP4,698,789)	<u>(48,021)</u>	
		<i>(b)</i> <u>(608,653)</u>
Estimated loss on the Transaction		<u>(286,453)</u>
Net decrease in financial assets at fair value through profit or loss	<i>(c)=(a)-(b)</i>	<u>(347,940)</u>

Translated at the exchange rate of GBP1.00 = HK\$10.22 as at 31 December 2019

The actual amounts of the adjusted consideration and the cash flows from the Transaction can only be determined at completion of the Transaction, which may be substantially different from the estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

4. These adjustments represent the same situations as disclosed in Note 3 as if the Transaction had taken place at 1 January 2019.

	<i>HK\$'000</i>
Consideration:	
Cash (GBP6,146,335)	61,095
Less:	
Estimated expenses directly attributable to the Transaction (GBP130,000)	<u>(1,292)</u>
Net cash proceeds from the Transaction	59,803
Add:	
Fair value of Bidco B Shares (GBP25,510,079)	<u>253,570</u>
Adjusted consideration	313,373
Less:	
Carrying amount of 45,392,610 PureCircle Shares (GBP116,091,600)	<u>(1,153,951)</u>
Estimated loss on the Transaction	<u><u>(840,578)</u></u>

Translated at the exchange rate of GBP1.00 = HK\$9.94 as at 1 January 2019

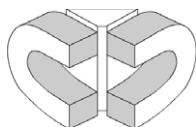
The actual amounts of the adjusted consideration and the cash flows from the Transaction can only be determined at completion of the Transaction, which may be substantially different from the estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

5. Since the 45,392,610 PureCircle Shares were disposed of at 1 January 2019, unrealised loss on financial assets at fair value through profit or loss – listed investments (PureCircle Shares) of HK\$545,297,338 should be reversed.

	<i>HK\$'000</i>
Carrying amount of 45,392,610 PureCircle Shares:	
As at 31 December 2019 (GBP59,555,104) (Note 3)	608,653
Less: as at 1 January 2019 (GBP116,091,600) (Note 4)	<u>(1,153,951)</u>
Reversal of unrealised loss	<u><u>(545,298)</u></u>

E. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING AND ENLARGED GROUP

The following is the text of a report on the unaudited pro forma financial information of the Remaining and Enlarged Group received from CHENG & CHENG LIMITED, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**TO THE DIRECTORS OF LEE HING DEVELOPMENT LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of LEE HING DEVELOPMENT LIMITED (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019 and related notes as set out on pages III-1 to III-12 of the circular issued by the Company dated 23 July 2020 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-12 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of shares of PureCircle Limited and acquisition of shares of Ingression SRSS Holdings Limited (the “**Transaction**”) on the Group’s financial position as at 31 December 2019 and the Group’s financial performance and cash flows for the year ended 31 December 2019 as if the Transaction had taken place at 31 December 2019 and 1 January 2019 respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 December 2019, on which an auditor’s report with qualified opinion, which is referred to in section A of Appendix III of the Circular, has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting

Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2019 for the Group’s financial position and 1 January 2019 for the Group’s financial performance and cash flows would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CHENG & CHENG LIMITED

Certified Public Accountants

Hong Kong, 23 July 2020

Lam Hok Nin, Sammy

Practising Certificate number P02975

(I) MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis on the Group for the three financial years ended 31 December 2019 (“**FY2019**”), 31 December 2018 (“**FY2018**”) and 31 December 2017 (“**FY2017**”).

Results for the years*FY2019*

The Group recorded HK\$20 million revenue and income for FY2019, a 51% increase as compared with FY2018. The increase was largely attributable to the net gain on financial assets at fair value through profit or loss – listed investments.

Operating loss after finance costs was HK\$482 million, a decrease of HK\$712 million as compared with FY2018. The substantial decrease was mainly attributable to decrease in unrealised loss on financial assets at fair value through profit or loss – listed investments of HK\$701 million.

FY2018

The Group recorded HK\$13 million revenue and income for FY2018, a 50% increase as compared with FY2017. The increase was largely attributable to the net exchange gain.

Operating loss after finance costs was HK\$1,194 million, an increase of HK\$1,157 million as compared with FY2017. The substantial increase was mainly attributable to unrealised loss on financial assets at fair value through profit or loss of HK\$1,156 million.

FY2017

The Group recorded HK\$9 million revenue and income for FY2017, a 87% decrease as compared with the financial year ended 31 December 2016 (“**FY2016**”). The substantial decrease was largely attributable to the decrease in net gain on disposals of available-for-sale investments.

Operating loss after finance costs was HK\$37 million, a decrease of HK\$479 million as compared with FY2016. The substantial decrease was mainly attributable to no impairment loss on available-for-sale investments as compared with impairment loss of HK\$542 million in FY2016.

Business review

The Group is principally engaged in share investment and dealing.

During FY2019, the Group’s revenue and income were mainly attributable to dividends from listed investments of HK\$7.8 million and net gain on financial assets at fair value through profit or loss – listed investments of HK\$10.4 million. In FY2019, the Group did not acquire shares in PureCircle. However, the Group believes that these investments will generate considerable income in the future.

During FY2018, the Group's revenue and income were mainly attributable to dividends from listed investments of HK\$8 million and unlisted investment of HK\$0.6 million, and the net exchange gain of HK\$3.9 million. In FY2018, the Group acquired shares in PureCircle at cost of HK\$17 million. The Group believes that these investments will generate considerable income in the future.

During FY2017, the Group's revenue and income were mainly attributable to dividends from listed investments of HK\$7.4 million and unlisted investment of HK\$0.6 million, and net gain on financial assets at fair value through profit or loss of HK\$0.4 million. In FY2017, the Group acquired shares in PureCircle at cost of HK\$14 million. The Group believes that these investments will generate considerable income in the future.

Financial resources and liquidity

FY2019

The Group's borrowings were secured bank loans and bank overdrafts. With respect to interest rate structure of the borrowings, interest rates were 1% to 1.35% 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 29%. The computation is based on total borrowings of the Group divided by total equity as at 31 December 2019.

FY2018

The Group's borrowings were secured bank loans and bank overdrafts. With respect to interest rate structure of the borrowings, interest rates were 1% to 3.75% per annum above the bank's cost of fund, 1.25% to 3.75% 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 35.1%. The computation is based on total borrowings of the Group divided by total equity as at 31 December 2018.

FY2017

The Group's borrowings were secured bank loans. With respect to interest rate structure of the borrowings, interest rates were 1% to 3.5% 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% per annum above LIBOR.

The gearing ratio of the Group was 18.7%. The computation is based on total borrowings of the Group divided by total equity as at 31 December 2017.

Charges on Group's assets*FY2019*

The Group's leasehold land, buildings and investment properties, certain financial assets at fair value through profit or loss and bank deposits with a total net book value of approximately HK\$867 million were pledged to banks to secure banking facilities granted to the Group.

FY2018

The Group's leasehold land and buildings, certain financial assets at fair value through profit or loss and bank deposits with a total net book value of approximately HK\$1,595 million were pledged to banks to secure banking facilities granted to the Group.

FY2017

The Group's leasehold land and buildings, certain available-for-sale investments and bank deposits with a total net book value of approximately HK\$2,567 million were pledged to banks to secure banking facilities granted to the Group.

Contingent liabilities

As at 31 December 2019, 31 December 2018 and 31 December 2017, 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\$253 million, HK\$564 million and HK\$377 million respectively.

Significant investments*FY2019*

The following table sets out information regarding the Group's significant investments classified as financial assets at fair value through profit or loss as at 31 December 2019:

Name of the investee company	Equity interest held as at 31 December 2019	Cost of investment	Fair value as at 31 December 2019	Percentage to total assets
PureCircle	41,811,216 ordinary shares, representing approximately 22.67% of the issued share capital (2018: 25.96%)	HK\$1,503 million	HK\$560.6 million (GBP1.312 per share)	56.3%
IGB Berhad ("IGB")	10,899,051 ordinary shares, representing approximately 1.6% of the ordinary shares in issue (2018: 7.09%)	HK\$29 million	HK\$74.7 million (RM3.61 per share)	7.5%
	58,393,930 preference shares	HK\$106 million	HK\$170.8 million (RM1.54 per share)	17.2%

The following table sets out the movement of the financial assets at fair value through profit or loss during FY2019:

Name of the investee company	Acquisition/disposal/ transfer during FY2019	Cost of acquisition/ disposal proceeds	Gain/loss on disposal	Dividend received during the year
PureCircle	Transfer of 3,581,398 ordinary shares (<i>Note</i>)	–	–	–
IGB	Disposal of 38,044,800 ordinary shares	Proceeds in the amount of HK\$210 million	Gain on disposal in the amount of HK\$10.5 million	Received dividend in the amount of HK\$2.4 million and HK\$5.4 million on the ordinary shares and the preference shares, respectively
	Acquisition of 423,109 ordinary shares	Cost of acquisition in the amount of HK\$2.2 million		

Name of the investee company	Acquisition/disposal/ transfer during FY2019	Cost of acquisition/ disposal proceeds	Gain/loss on disposal	Dividend received during the year
	Disposal of 14,010,000 preference shares	Proceeds in the amount of HK\$29.9 million	Loss on disposal in the amount of HK\$0.1 million	
	Acquisition of 199,700 preference shares	Cost of acquisition in the amount of HK\$0.5 million		

Note: In prior years, purchases of 3,581,394 ordinary shares of PureCircle were financed by bank loan and those shares were registered under the name of the bank. The said bank loan was matured on 27 November 2019. Since the trading of ordinary shares of PureCircle was suspended on 28 October 2019, the title of those shares could not be transferred to the Group. In this regard, the bank issued the same value of 3,581,394 units of call option which is related to ordinary shares of PureCircle to the Group.

The following table sets out the change in fair value of the financial assets at fair value through profit or loss during FY2019:

Name of investee company	Fair value as at 31 December 2018	Additions	Disposals/ transfer	Translation reserve	Change in fair value as recognised in the profit or loss	Fair value as at 31 December 2019
PureCircle	HK\$1,154 million	–	(HK\$48.1 million)	–	(HK\$545.3 million)	HK\$560.6 million
IGB – ordinary shares	HK\$226.9 million	HK\$2.2 million	(HK\$199.5 million)	HK\$0.1 million	HK\$45 million	HK\$74.7 million
IGB – preference shares	HK\$154 million	HK\$0.5 million	(HK\$30 million)	HK\$1.1 million	HK\$45.2 million	HK\$170.8 million

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

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 Group has no control or influence over PureCircle and IGB, 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 in PureCircle and IGB or dispose of some of its interest in these two companies.

FY2018

The Group had interests in listed shares of IGB (formerly known as Goldis Berhad), a company listed in Malaysia, and PureCircle, a company listed in London. As at 31 December 2018, the Group held 48,520,742 shares in IGB, representing approximately 7.09% of the issued ordinary share capital of IGB, and 45,392,610 shares in PureCircle, representing approximately 25.96% of the issued ordinary share capital of PureCircle. The market values of these investments as at 31 December 2018 were HK\$227 million (2017: HK\$343 million) and HK\$1,154 million (2017: HK\$2,254 million) respectively. The market prices of these shares as at 31 December 2018 were RM2.48 per share (2017: RM2.96 per share) and GBP2.5575 per share (2017: GBP4.67 per share) respectively.

In addition to above, the Group also held 72,204,230 listed preference shares of IGB, and its market value as at 31 December 2018 was HK\$154 million (2017: HK\$177 million). The market price of shares as at 31 December 2018 was RM1.13 per share (2017: RM1.27 per share).

PureCircle is the world's leading producer and marketer of high purity stevia ingredients for the global food and beverage industry and its shares are listed on the Main Market. For information on PureCircle and its business outlook and future prospects, please refer to information published by PureCircle on its website at www.purecircle.com.

IGB principally engages in property investment and management (both retail and commercial properties), property development and construction as well as hotel operations. The shares of IGB are listed on the main market of Bursa Malaysia Berhad. For information on IGB and its business outlook and future prospects, please refer to information published by IGB on its website at www.igbbhd.com.

During FY2018, decrease in value of PureCircle, IGB and preference shares of IGB amounted to HK\$1,086 million, HK\$50 million and HK\$20 million respectively. The decrease was due to decrease in market price of shares and depreciation of British Pound and Malaysian Ringgit.

FY2017

The Group had interests in listed shares of Goldis Berhad (“**Goldis**”) (now known as IGB Berhad), a company listed in Malaysia, and PureCircle, a company listed in London. As at 31 December 2017, the Group held 60,067,742 shares in Goldis, representing approximately 9.87% of the issued ordinary share capital of Goldis, and 45,702,431 shares in PureCircle, representing approximately 26.23% of the issued ordinary share capital of PureCircle. The market values of these investments as at 31 December 2017 were HK\$343 million (2016: HK\$261 million) and HK\$2,254 million (2016: HK\$1,085 million) respectively. The market prices of these shares as at 31 December 2017 were RM2.96 per share (2016: RM2.52 per share) and GBP4.67 per share (2016: GBP2.50 per share) respectively.

In addition to above, the Group also held 72,169,830 listed preference shares of Goldis and its market value as at 31 December 2017 was HK\$177 million (2016: HK\$130 million). The market price of shares as at 31 December 2017 was RM1.27 per share (2016: RM1.04 per share).

PureCircle is the world's leading producer and marketer of high purity stevia ingredients for the global food and beverage industry and its shares are listed on the Main Market. For information on PureCircle Limited and its business outlook and future prospects, please refer to information published by PureCircle Limited on its website at www.purecircle.com.

Goldis principally engages in property investment and management (both retail and commercial properties), property development and construction as well as hotel operations. The shares of Goldis are listed on the main market of Bursa Malaysia Berhad. For information on Goldis and its business outlook and future prospects, please refer to information published by Goldis on its website at www.goldis.com (now: www.igbbhd.com).

During FY2017, increase in value of PureCircle, Goldis and preference shares of Goldis (recognised in investment revaluation reserve and translation reserve) amounted to HK\$1,155 million, HK\$82 million and HK\$47 million respectively. The increase was due to increase in market price of shares and appreciation of British Pound and Malaysian Ringgit.

Material acquisitions and disposals

FY2019

Other than those disclosed in above, the Group acquired call option and derivative financial instruments of HK\$59 million during FY2019.

FY2018

During FY2018, the Group acquired listed shares in PureCircle at cost of HK\$17 million.

During FY2018, the Group disposed of shares in IGB and PureCircle at consideration of HK\$62 million and HK\$24 million respectively and resulted in net loss of HK\$11 million.

FY2017

During FY2017, the Group acquired listed shares in PureCircle at cost of HK\$14 million.

Foreign currency exposure

During each of FY2019, FY2018 and FY2017, the Group had major investments, amounts receivables, 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 fluctuations. During each of FY2019, FY2018 and FY2017, 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 31 December 2019, 31 December 2018 and 31 December 2017, the Group's number of staff was 9, 10 and 10 respectively. The Group's remuneration policies, including both salaries and bonuses, are in line with local practice.

(II) MANAGEMENT DISCUSSION AND ANALYSIS OF PURECIRCLE

Since (i) Bidco is a private company newly incorporated for the purposes of the Acquisition and (ii) Bidco was a subsidiary of, and controlled by, Ingredion as at the Latest Practicable Date, the Company does not have any access to the necessary information and resources to the management discussion and analysis concerning Bidco as required under Rule 14.67(7) of the Listing Rules in respect of the Bidco Share Acquisition and the possible disposal of Bidco B Shares by the Group pursuant to the Exit Arrangements, the Put Option and the Call Option. As an alternative, please refer to the following published reports of PureCircle, which the Directors believe are of significant value for the purposes of giving the Shareholders an understanding of the performance of PureCircle during the three financial years ended 30 June 2019 and the six month period ended 31 December 2019 and the material factors underlying the relevant results and financial position, given that to the best knowledge, information, belief of the Directors the entire issued share capital of PureCircle will form the main assets of Bidco after completion of the Acquisition and that PureCircle was a company listed on the Main Market during the three financial years ended 30 June 2019 and the six month period ended 31 December 2019.

(A) Annual reports of PureCircle

Annual reports of PureCircle for the three financial years ended 30 June 2019 have been published on the website of PureCircle (www.purecircle.com). Please refer to the hyperlinks below:

- Annual report of PureCircle for the financial year ended 30 June 2017
<https://purecircle.com/app/uploads/PureCircle-AR17.pdf>
- Annual report of PureCircle for the financial year ended 30 June 2018
<https://purecircle.com/app/uploads/PureCircle-AR18.pdf>
- Annual report of PureCircle for the financial year ended 30 June 2019
<https://purecircle.com/app/uploads/PureCircle-Limited-%E2%80%93-Annual-Report-2019.pdf>

(B) Half-year report of PureCircle

Half-year report of PureCircle for the six month period ended 31 December 2019 has been published on the website of PureCircle (www.purecircle.com). Please refer to the hyperlink below:

<https://purecircle.com/app/uploads/9-April-2020-RNS-1HFY2020-FINAL.pdf>

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(A) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(1) Long position

Shares of the Company

Name of Directors	Personal interests	Number of Shares			Percentage holding
		Family interests	Corporate interests	Total	
Mr. Tan Boon Seng	1,469,000	10,000 (iii)	52,340,000 (i)(ii)(iv)	53,819,000	36.67

Notes:

- (i) Wah Seong Enterprises Sdn. Bhd. held 2,100,000 Shares. Mr. Tan Boon Seng has beneficial interest in this company and is a director of this company.
- (ii) Zali International Limited held 14,386,000 Shares. Mr. Tan Boon Seng has beneficial interest in this company and is a director of this company.
- (iii) The wife of Mr. Tan Boon Seng held 10,000 Shares.
- (iv) Zali Capital Limited held 35,854,000 Shares. Mr. Tan Boon Seng has beneficial interest in this company and is a director of this company.

(2) Shares in subsidiaries

As at the Latest Practicable Date, one nominee share in Lee Hing Investment Company, Limited which is a subsidiary of the Company was held by Mr. Tan Boon Seng in trust for the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(B) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following person, other than the Directors or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long position in Shares

Name	Number of Shares	Percentage holding
Zali International Limited	14,386,000	9.80
Zali Capital Limited	35,854,000	24.43
Ms. Connie Cheng Wai Ka	53,819,000	36.67
Petaling Garden (S) Pte. Limited	29,006,000	19.76

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years preceding the Latest Practicable Date and are, or may be, material:

- (a) the Irrevocable Undertaking;
- (b) the Bidco Shareholders' Agreement; and
- (c) the SP Agreement.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. LITIGATION

So far as is known to the Directors, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any proposed Director nor their respective close associates had any interests in a business, which competed or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

7. INTERESTS IN CONTRACTS OR ARRANGEMENTS

So far as is known to the Directors, as at the Latest Practicable Date, save for the Sale Shares to be disposed to Mr. BS Tan pursuant to the SP Agreement, none of the Directors or proposed Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

Save for the Bidco Shareholders' Agreement and the SP Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

8. EXPERTS' CONSENTS AND QUALIFICATIONS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
INCU	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Cheng & Cheng Limited	Certified Public Accountants

Each of INCU and Cheng & Cheng Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and all reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of INCU and Cheng & Cheng Limited was beneficially interested in the share capital of any member of the Group nor did any of them have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did any of them have any interest, either direct or indirect, in any assets which have been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. GENERAL

- (a) The registered and principal office of the Company is at Suite 1506-07, 15th Floor, Nine Queen's Road Central, Hong Kong.
- (b) The share registrars and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Chan Kai Kwok, who is a fellow member of Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 9:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 6:00 p.m. at the registered office of the Company at Suite 1506-07, 15th Floor, Nine Queen's Road Central, Hong Kong for 14 days commencing from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2019;
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (d) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 39 of this circular;
- (e) the letter of advice from INCU, the text of which is set out on page 40 of this circular;
- (f) the annual reports of PureCircle for the three years ended 30 June 2019 and the half-year report of PureCircle for the six month period ended 31 December 2019;
- (g) the report on the unaudited pro forma financial information of the Group issued by Cheng & Cheng Limited as set out in Appendix III to this circular;
- (h) the written consents referred to in the paragraph headed "Experts' Consents and Qualifications" in this appendix; and
- (i) this circular.

NOTICE OF EGM

LEE HING DEVELOPMENT LIMITED 利興發展有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 68)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Lee Hing Development Limited (the “**Company**”) will be held at Suite 1506-7, 15th Floor, Nine Queen’s Road Central, Hong Kong on Monday, 10 August 2020 at 11:00 a.m., for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

(A) the execution by Wang Tak Company Limited (“**Wang Tak**”), a wholly owned subsidiary of the Company, of the deed of irrevocable undertaking (the “**Irrevocable Undertaking**”, a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification) dated 9 April 2020 to Ingredion SRSS Holdings Limited (“**Bidco**”) in relation to, among others:

- (i) the proposed scheme of arrangement (the “**Scheme**”) under section 99 of the Bermuda Companies Act 1981 as amended (the “**Bermuda Companies Act**”) between PureCircle Limited (“**PureCircle**”) and the holders (the “**PureCircle Shareholders**”) of the unconditionally allotted or issued and fully paid ordinary share(s) of US\$0.10 each in the capital of PureCircle (each a “**PureCircle Share**”) in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Supreme Court of Bermuda (the “**Court**”) (where applicable) and agreed by PureCircle and Bidco, at the meeting (the “**Court Meeting**”) of PureCircle Shareholders convened pursuant to an order of the Court under section 99(1) of the Bermuda Companies Act and the bye-laws of PureCircle for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment thereof and the special general meeting (the “**General Meeting**”) of PureCircle Shareholders (including any adjournment thereof) convened in connection with the Scheme for the purpose of approving the resolutions proposed by PureCircle in connection with, amongst other things, the approval of the Scheme, the amendment of the bye-laws of PureCircle and such other matters as may be necessary to implement the Scheme; and

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- (ii) the recommended cash acquisition on the basis of 100 pence per Scheme Share (as defined in the document (the “**Scheme Document**”, a copy of which has been produced to this meeting marked “B” and initialled by the chairman of this meeting for the purpose of identification) sent to PureCircle Shareholders on 18 May 2020 containing, amongst others, the Scheme, including the explanatory statement required by section 100(1)(a) of the Bermuda Companies Act and the notices convening the Court Meeting and the General Meeting), with one alternative offer (pursuant to which eligible PureCircle Shareholders may elect to receive one ordinary B share in the capital of Bidco for each Scheme Share (the “**Share Alternative**”), being made by Bidco to acquire the entire issued and to be issued share capital of PureCircle not already directly or indirectly owned by Bidco effected by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof (the “**Acquisition**”),

whereby, among others, Wang Tak has undertaken to Bidco to, among others, vote in favour of the Scheme at the Court Meeting and the resolutions proposed at the General Meeting and elect for the Share Alternative in respect of Wang Tak’s entire holding of PureCircle Shares and the transactions contemplated thereunder (including but not limited to the PureCircle Share Disposal (as defined in the circular (the “**Circular**”, a copy of which has been produced to this meeting marked “C” and initialled by the chairman of this meeting for the purpose of identification) of the Company dated 23 July 2020) and the Bidco Share Acquisition (as defined in the Circular)) be and are hereby approved, confirmed and ratified;

- (B) the execution by Wang Tak of the shareholders’ agreement (the “**Bidco Shareholders’ Agreement**”, a copy of which has been produced to this meeting marked “D” and initialled by the chairman of this meeting for the purpose of identification) dated 9 April 2020 between Ingredion Incorporated (“**Ingredion**”), certain PureCircle Shareholders (including Wang Tak) and Bidco relating to Bidco and the transactions contemplated thereunder (including but not limited to the Exit Arrangements (as defined in the Circular), the Put Option (as defined in the Circular) and the Call Option (as defined in the Circular)) be and are hereby approved, confirmed and ratified;
- (C) any action taken by any director (each a “**Director**”) of the Company prior to the holding of the meeting in connection with any matter approved at the meeting to the extent that such action is not inconsistent with the matters approved at the meeting be and is hereby approved, confirmed and/or ratified; and

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(D) the Directors be and are hereby authorized, for and on behalf of the Company, to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the PureCircle Share Disposal, the Bidco Share Acquisition, the Exit Arrangement, the Put Option and the Call Option.”

2. **“THAT:**

- (A) the agreement (the **“SP Agreement”**, a copy of which has been produced to this meeting marked “E” and initialled by the chairman of this meeting for the purpose of identification) for sale and purchase of shares in Ingredion SRSS Holdings Limited (**“Bidco”**) dated 9 June 2020 between Wang Tak Company Limited (**“Wang Tak”**), a wholly owned subsidiary of the Company, as vendor and Tan Boon Seng, Tan Boon Lee and Tan Lei Cheng (the **“Purchasers”**) as purchasers relating to the disposal of a total of 2,500,000 ordinary B shares in the capital of Bidco by Wang Tak to the Purchasers and all transactions contemplated thereunder be and are hereby approved; and
- (B) the directors of the Company be and are hereby authorized, for and on behalf of the Company, to do all such things and exercise all powers which they consider necessary, desirable or expedient in connection with the SP Agreement or otherwise in connection with the implementation of the transactions contemplated thereunder.”

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

Hong Kong, 23 July 2020

Registered office:

Suite 1506-07, 15th Floor
Nine Queen’s Road Central
Hong Kong

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Notes:

1. A shareholder entitled to attend and vote at the meeting may appoint one or more than one proxies to attend and to vote on a poll in his/her/its stead. On a poll, votes may be given either personally (or in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited at the Company's registered office at Suite 1506-7, 15th Floor, Nine Queen's Road Central, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting.
4. A shareholder entitled to attend and vote at the meeting may appoint one or more than one proxies to attend and to vote on a poll in his/her/its stead. On a poll, votes may be given either personally (or in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy. A proxy need not be a shareholder of the Company.
5. 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.

PRECAUTIONARY MEASURES FOR THE MEETING (AND ANY ADJOURNMENT THEREOF)

Practical measures will be taken to try to avoid the spread of COVID-19 at the meeting, including:

- compulsory temperature checks and health declarations for all attendees, including the Directors and the Shareholders
- prohibition from attendance at the meeting if an attendee has a fever. Persons exhibiting flu-like symptoms may also be refused admittance to the venue of the meeting
- compulsory wearing of surgical face masks throughout the meeting
- maintaining proper distance between seats
- no refreshments will be served at the meeting

Any person who does not comply with the precautionary measures may be denied entry into the venue of the meeting.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages the Shareholders NOT to attend the meeting in person, and advises them to appoint the Chairman of the meeting as their proxies to vote according to their indicated voting instructions as an alternative to attending the meeting in person. The Shareholders are advised to read this section carefully and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.