八方金融有限公司
OCTAL Capital Limited

10 November 2021

To the Independent Board Committee

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the composite document (the "**Composite Document**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

Reference is made to the Joint Announcement in relation to, among other things, the Offer. Pursuant to the Joint Announcement, the Board was informed by the Offeror on 5 July 2021 that Kingkey Securities, on behalf of the Offeror, will make a voluntary conditional cash offer (the "**Cash Offer**"), with an alternative to receive shares in the Offeror, to acquire all the Lee Hing Shares.

As at the Latest Practicable Date, the Offeror Concert Group (excluding the Offeror, which does not hold any Lee Hing Shares as at the Latest Practicable Date, Mr. Tan, Zali International Limited and Zali Capital Limited) in aggregate holds 36,597,000 Lee Hing Shares, representing approximately 24.93% of all Lee Hing Shares currently in issue. Each of the members of the Offeror Concert Group (excluding the Offeror, Mr. Tan, Zali International Limited and Zali Capital Limited) has given an Irrevocable Undertaking in favour of the Offeror, pursuant to which each of them has undertaken that: (i) it will not sell, transfer, charge, encumber, grant any option or other right over or otherwise dispose of, or permit the sale, transfer, charging, encumbering, granting of any option or other right over or other disposal of any of the Lee Hing Shares held by it or interest in such Lee Hing Shares except under the Offer, or accept any other offer in respect of all or any of the Lee Hing Shares held by it or any other interest in any of such Lee Hing Shares; and (ii) it will duly accept (or procure the acceptance of) the Offer in respect of the Lee Hing Shares held by it in accordance with the terms of the Offer (including to make, or procure the making of, an election for the Share Alternative in respect of such Lee Hing Shares).

Additionally, the Offeror has confirmed in writing to the Board that Mr. Tan, Zali International Limited and Zali Capital Limited (being the members of the Offeror Concert Group who have not given the Irrevocable Undertakings and who, as at the at the Latest Practicable Date, hold in aggregate 51,719,000 Lee Hing Shares, representing approximately 35.24% of all Lee Hing Shares currently in issue) will accept the Offer in respect of all Lee Hing Shares held by each of them and opt for the Share Alternative.

As disclosed in the announcement of the Company dated 5 March 2021, the Company received on that day a letter from the Stock Exchange notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of the Lee Hing Shares and that, subject to the right of review, trading of the Lee Hing Shares be suspended under Rule 6.01(3) of the Listing Rules. Accordingly, trading in the Lee Hing Shares has been suspended since 9:00 a.m. on 17 March 2021 pending re-compliance with Rule 13.24 of the Listing Rules by the Company and fulfilment of any resumption guidance that may be set by the Stock Exchange. In any event, the trading in the Lee Hing Shares will remain suspended and the listing of the Lee Hing Shares will eventually be cancelled by the Stock Exchange if the Company cannot re-comply with Rule 13.24 of the Listing Rules on or before the expiration of the 18-month period, i.e. by 16 September 2022.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Lim Lay Leng, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to advise and give a recommendation to the Disinterested Shareholders as to whether the terms of the Offer are fair and reasonable, as to the acceptance of the Offer and as to whether to opt for the Share Alternative.

We, Octal Capital Limited, have been appointed, with approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee and the Disinterested Shareholders in relation to the Offer and in particular as to whether the terms of the Offer are fair and reasonable, as to the acceptance of the Offer and as to whether to opt for the Share Alternative. Our appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

During the last two years, there was no engagement between the Company or the Offeror and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Offeror or the Company or any party acting, or presumed to be acting, in concert with any of them. Therefore, we are considered eligible to give independent advice on the Offer under the requirement of the Listing Rules. As at the Latest Practicable Date, we are not in the same group as the financial or other professional advisers (including a stockbroker) to the Company, and we are not associated with the Offeror or the Company or any party acting, or presumed to be acting in concert with any of them and we had not had any connection, financial assistance or otherwise, with either the Offeror or the Company or the controlling shareholder(s) of either of them, and we are therefore considered independent and suitable to give independent advice to the Independent Board Committee and the Disinterested Shareholders pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied by the Company, and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed by the Directors to us are true, accurate and complete in all material aspects. We have also relied on our discussion with the Board and/or the management of the Company, given in writing or orally, regarding the Company and the Offer, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Board and the management of the Company in the Composite Document were reasonably made after due enquiry. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete in all material respects and not misleading or deceptive up to the time of the Latest Practicable Date, and there are no other matters the omission of which would make any statement herein or the Composite Document misleading.

As set out in the responsibility statement in Appendix V of the Composite Document, the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Directors in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

As set out in the responsibility statement in Appendix VI of the Composite Document, the sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

Should there be any subsequent material changes which occur during the period from the date of the Composite Document up to the close of the Offer, we will notify the Independent Board Committee and the Disinterested Shareholders as soon as possible.

We have not considered the tax implications on the Disinterested Shareholders of their acceptances or non-acceptances of the Offer (as the case may be) since these are particular to their own individual circumstances. In particular, the Disinterested Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE OFFER

In assessing the Offer and in giving our recommendations to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1. Background of the Offer

As at the Latest Practicable Date, the Company has 146,781,295 Lee Hing Shares in issue. The Company (i) does not have any options, derivatives, warrants or securities which are convertible or exchangeable into Lee Hing Shares or which confer rights to require the issue of Lee Hing Shares; (ii) has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Lee Hing Shares or which confer rights to require the issue of Lee Hing Shares; and (iii) has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Lee Hing Shares.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it own, control or have direction over a total of 88,316,000 Lee Hing Shares, representing approximately 60.17% of all the Lee Hing Shares currently in issue.

The Offer

Kingkey Securities is making the Offer, on behalf of the Offeror, in compliance with the Takeovers Code and on the terms set out in the Composite Document.

Under the terms of the Offer, a Shareholder may, in respect of its Lee Hing Shares validly tendered for acceptance, elect:

(a) wholly to receive cash payment; or

(b) wholly to receive Offeror Shares under the Share Alternative; or

(c) partly to receive cash payment and partly to receive Offeror Shares under the Share Alternative,

on the following basis:

(a) For every Lee Hing Share for which the Cash Offer is elected . . . . HK$0.80; or

(b) For every Lee Hing Share for which the Share Alternative is opted one Offeror Share

If a Shareholder opts for the Share Alternative (whether wholly or partly in respect of its Lee Hing Shares validly tendered for acceptance), one Offeror Share will be allotted and issued, credited as fully paid, by the Offeror to such Shareholder in respect of each of its Lee Hing Share validly tendered for acceptance under the Offer and for which the Share Alternative is opted, except that Mr. Tan, who has confirmed to accept the Offer and opt for the Share Alternative, will receive 1,478,900 Offeror Shares in respect of 1,479,000 Lee Hing Shares to be tendered by Mr. Tan for acceptance under the Offer such that when taking into account the 100 Offeror Shares currently held by him, Mr. Tan will upon completion of the Offer hold a total of 1,479,000 Offeror Shares which is equal in number to the Lee Hing Shares to be tendered by him for acceptance under the Offer. The Offeror Shares to be issued under the Share Alternative will rank pari passu among themselves and with all Offeror Shares already in issue.

According to Rule 18.3 of the Takeovers Code, where a firm statement regarding the Offer Price is made, the Offeror will only be allowed to subsequently amend the terms of the Offer in wholly exceptional circumstance. **The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors of the Company should be aware that, following the making of the above statement, the Offeror does not reserve the right to increase the Offer Price.**

The Offer is extended to all Shareholders in accordance with the Takeovers Code. The Lee Hing Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto, including all rights to any dividend or other distribution, the record date of which falls on or after the date on which the Offer is made, being the date of the Composite Document.

To the best knowledge of the Offeror, as at the Latest Practicable Date, there was no dividend or other distribution that has been declared by the Company but not yet paid or made, and the Company has no intention to declare any dividend or other distribution during the Offer period.

Condition of the Offer

The Offer is conditional only upon valid acceptances of the Offer having been received at or before 4:00 p.m. on the First Closing Date in respect of Lee Hing Shares which, together with the Lee Hing Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding not less than 70% of all Lee Hing Shares then in issue. Such condition is not waivable by the Offeror. Upon the Offer becoming unconditional following the fulfilment of such condition, the Offer will remain open for acceptance until the expiry of a period of four months after the posting of the Composite Document for the purpose of allowing the Offeror to acquire further Lee Hing Shares to entitle it to exercise its compulsory acquisition rights. If such condition is not fulfilled, the Offer will lapse in accordance with the Takeovers Code.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes or is declared unconditional as to acceptances and when the Offer becomes or is declared unconditional in all respects.

Other terms of the Offer and the Shareholders' Agreement

As disclosed in the letter from Kingkey Securities (the "**Letter from Kingkey Securities**") to the Composite Document, upon the close of the Offer, all the members of the Offeror Concert Group, the other Disinterested Shareholders who validly accept the Offer and opt for the Share Alternative, and the Offeror will enter into the Shareholders' Agreement relating to the Offeror whose main purpose is to provide exit arrangements for each of the Entitled Shareholders (as defined below) (the "**Offeror Exit Arrangements**"). The entering into of the Shareholders' Agreement will be a condition of opting for the Share Alternative by the Shareholders. By signing the form of acceptance, election and transfer and validly electing the Share Alternative, a Shareholder will be deemed to have agreed to enter into the Shareholders' Agreement and authorised any director of the Offeror as its agent to sign the Shareholders' Agreement on its behalf. Under the Offeror Exit Arrangements, the Offeror will be obliged to offer to repurchase in cash, in respect of each shareholder of the Offeror (excluding Mr. Tan, Zali International Limited and Zali Capital Limited, the entire issued share capital of both of which is ultimately beneficially owned by Mr. Tan) (the "**Entitled Shareholders**"), all (but not part) of the Offeror Shares held by the Entitled Shareholders in the manner described below.

(a) Underlying assets of the Offeror Exit Arrangements – PureCircle Shares

As at the Latest Practicable Date, equity investment in PureCircle Limited (formerly known as Ingredion SRSS Holdings Limited) ("**PureCircle**"), being one of the major investments of the Group, represents 36,746,277 ordinary B shares (the "**PureCircle Shares**") in PureCircle, an investment holding company of Ingredion Incorporated ("**Ingredion**") incorporated in England and Wales specifically for the purposes of a scheme of arrangement effected in 2020 for the privatisation (the "**London Listco Privatisation**") by Ingredion of PureCircle Limited ("**London Listco**"), representing approximately 8.21% of the ordinary shares of PureCircle in issue.

(b) PureCircle Exit Arrangements

A shareholders' agreement dated 9 April 2020 (the "**PureCircle Shareholders' Agreement**") between Ingredion, the minority investors of PureCircle (which includes the wholly owned subsidiary of the Company holding the PureCircle Shares) (the "**Minority Investors**") and PureCircle were entered into to provide for certain arrangements applicable after the London Listco Privatisation was successfully implemented. Among those arrangements are the following exit arrangements (the "**PureCircle Exit Arrangements**") which allow or (as the case may be) require the Minority Investors to sell their shares of PureCircle to Ingredion:

	Nature	Relevant period/Exercise period
"Annual Purchase Offer"	an annual offer during each year in the relevant period to be made by Ingredion to the Minority Investors to purchase their shares of PureCircle	four years starting from 1 January 2022 and expiring on 31 December 2025
"Put Option"	an option granted to the Minority Investors to require Ingredion to purchase their shares of PureCircle	four years starting from 1 January 2022 and expiring on 31 December 2025
"Call Option"	an option granted to Ingredion to require the Minority Investors to sell their shares of PureCircle to Ingredion	after 1 July 2025

For further information about (a) Underlying assets of the Offeror Exit Arrangements — PureCircle Shares; and (b) PureCircle Exit Arrangements, please refer to the sub-section headed "Offeror Exit Arrangements" in the Letter from Kingkey Securities to the Composite Document.

(c) How the Offeror Exit Arrangements work

As disclosed in the sub-section headed "Offeror Exit Arrangements" in the Letter from Kingkey Securities to the Composite Document, the particulars of the Offeror Exit Arrangements are as follows:

– assuming the Offer becomes unconditional, the Offeror will become a shareholder of the Company with such percentage shareholding as will depend on the level of acceptance of the Offer. In any event (including where the proposed privatisation of the Company succeeds or not), the proceeds (the "**Proceeds**") that may be received by the Group from

Ingredion arising from the disposal of PureCircle Shares by the Group to Ingredion pursuant to the PureCircle Exit Arrangements will be distributed by way of cash dividend to the then shareholders of the Company in proportion to their respective shareholding in the Company at that time. The Offeror will be entitled to such part of the Proceeds based on its then shareholding in the Company. Those Shareholders who do not accept the Offer will, unless already disposed of all the Lee Hing Shares after the Offer period, remain as shareholders of the Company and will also be entitled to participate in the distribution of the Proceeds by the Company in the above manner;

– within three months after receipt of all Proceeds by the Group, the Offeror shall procure the Company to produce its audited consolidated balance sheet as at the last day of the month in which all of the Proceeds are received by the Group (the "**Audited Balance Sheet**");

– the Offeror shall serve on each of the Entitled Shareholders within 30 days after the Audited Balance Sheet is available a written offer to repurchase the Offeror Shares setting out, among others, the number of Offeror Shares subject to the repurchase offer (i.e. the number of Offeror Shares held by the relevant Entitled Shareholder at that time as recorded in the Offeror's register of members) and the total consideration payable therefor, together with a copy of the Audited Balance Sheet;

– the consideration for each Offeror Share to be repurchased will be equal to 70% of the proportional share of an Offeror Share of the consolidated net asset value of the Company as shown in the Audited Balance Sheet, as calculated by the following formula:

$$C = \frac{NAV \times SH \times 70\%}{TN}$$

whereas:

"C" means the consideration payable by the Offeror for each Offeror Share

"NAV" means the consolidated net asset value of the Company as shown in the Audited Balance Sheet

"SH" means the then percentage shareholding of the Offeror in the Company

"TN" means the total number of Offeror Shares then in issue

"70%" represents 70% of the consideration to the NAV set by the Offeror(Note)

Note: The consolidated net asset value of the Company as shown in the Audited Balance Sheet will take into account not only the value of the PureCircle Shares held by the Group but also the value of all other assets of the Group (including shares in IGB Berhad). In addition, the Offeror intends to retain a portion of the Proceeds that will be distributed to it by the Company as general working capital for the Group's continued operation. Therefore, the Offeror considers that setting the consideration at 70% of the consolidated net asset value of the Company as shown in the Audited Balance Sheet is reasonable.

– the consideration will be paid to the accepting Entitled Shareholders within 30 days from the receipt by the Offeror of the written acceptance together with the certificate for the relevant Offeror Shares and the duly completed and signed transfer document from the accepting Entitled Shareholder;

– the consideration will be funded by the Proceeds;

– based on the timeline of the PureCircle Exit Arrangements, it is expected that the repurchase offer under the Offeror Exit Arrangements will be made in the first half of 2026;

– for the avoidance of doubt, only one repurchase offer will be made by the Offeror to the Entitled Shareholders under the Offeror Exit Arrangements; and

– pursuant to the Shareholders' Agreement, the Offeror is obliged to supply each Offeror Shareholder with a copy of its audited accounts within three weeks (or such longer period as the board of directors of the Offeror may decide) of their being approved by the board of directors of the Offeror.

All material terms of the Shareholders' Agreement have been disclosed above. The Shareholders' Agreement does not contain any special rights that may be enjoyed by Mr. Tan and parties acting in concert with him. The form of the Shareholders' Agreement is set out in Annexure 1 to the Composite Document.

The parties to the Shareholders' Agreement (including all the shareholders of the Offeror) will, by signing the Shareholders' Agreement (by themselves or through their respective agents), confirm or (as applicable) be deemed to have confirmed that they have given their written consent to the Offeror Exit Arrangements to be effected by way of repurchase of the Offeror Shares by the Offeror.

The Offeror has also amended its articles of association to incorporate the terms of the Offeror Exit Arrangements as set out in the Shareholders' Agreement. The amendments to the articles of association of the Offeror will provide further protections to the shareholders of the Offeror as afforded by the amended articles of association of the Offeror and the relevant laws of the British Virgin Islands on top of the Shareholders' Agreement with regard to the terms of the Offeror Exit Arrangements. Moreover, since any repurchase of the Offeror Shares that may be made by the Offeror in accordance with its amended articles of association will be a repurchase made as required by, and in accordance with, the terms and conditions attached to the Offeror Shares without any further prior agreement of the shareholders of the Offeror Shares, it will qualify as an Exempt Share Buy-back as defined in the Codes on Takeovers and Mergers and Share Buy-backs. The full text of the amended articles of association of the Offeror is set out in the Annexure 2 to the Composite Document. A summary of the major provisions of the amended memorandum and articles of association of the Offeror and the full text thereof are set out in Annexure 2 to this Composite Document.

Mr. Tan, Zali International Limited and Zali Capital Limited will undertake in favour of the Offeror not to accept any offer made by the Offeror in accordance with the amended articles of association of the Offeror to repurchase their Offeror Shares as they intend to continue to hold their Offeror Shares.

None of the shareholders of the Offeror will be obliged to accept the repurchase offer under the Offeror Exit Arrangements. Any shareholder of the Offeror who does not accept the repurchase offer under the Offeror Exit Arrangements will remain as a shareholder of the Offeror and a party to the Shareholders' Agreement and continue to enjoy the rights and benefits attaching to the Offeror Shares it holds and to be subject to its rights and obligations under the Shareholders' Agreement. The Offeror does not have any obligation to make another repurchase offer for the Offeror Shares, whether under the Shareholders' Agreement, its amended articles of association or otherwise.

Shareholders who opt for the Share Alternative will be able to enjoy the benefits of the Offeror Exit Arrangements under the Shareholders' Agreement. However, the consideration payable under the Offeror Exit Arrangements, and that under the PureCircle Exit Arrangements (including the Put Option and the Call Option) are yet to be determined. Hence, the consideration payable under the Offeror Exit Arrangements may be higher or lower than the Offer Price under the Offer. Further, in the event that (i) the Group decides not to sell any PureCircle Shares to Ingredion under the Annual Purchase Offers and not to exercise the Put Option and (ii) Ingredion decides not to exercise the Call Option, no Proceeds will be received by the Group as a result of which no repurchase offer under the Offeror Exit Arrangements will be made by the Offeror. The Group will therefore remain as a shareholder of PureCircle.

2. Background of the Group

Principal activities of the Group

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

As disclosed in the interim report of the Group for the six months ended 30 June 2021 (the "**2021 Interim Report**"), the major investments of the Group comprise 35,829,816 ordinary shares in IGB Berhad, representing approximately 3.99% of all ordinary shares in IGB Berhad currently in issue, and 36,746,277 PureCircle Shares, representing approximately 8.21% of all shares in PureCircle currently in issue. The shares of IGB Berhad (the "**IGB Berhad Shares**") and the PureCircle Shares held by the Group had a carrying value of approximately HK$137,354,000 (which was calculated by reference to the market capitalisation of IGB Berhad as at 30 June 2021 and the shareholding of IGB Berhad owned by the Group as at 30 June 2021) and HK$178,600,000 (which was calculated by reference to the unaudited net asset value of PureCircle as shown in its unaudited management accounts for the six months ended 30 June 2021 provided to the Group pursuant to the PureCircle Shareholders' Agreement) respectively and represented approximately 31.2% and 40.6% respectively of the total assets of the Group as at 30 June 2021.

Historical financial information of the Group

Financial performance of the Group

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 December 2018 ("**FY2018**"), 2019 ("**FY2019**") and 2020 ("**FY2020**") and for six months ended 30 June 2020 ("**1H2020**") and 2021 ("**1H2021**") as extracted from the annual reports of the Group for FY2019 (the "**2019 Annual Report**") and for FY2020 (the "**2020 Annual Report**") and the 2021 Interim Report respectively:

	FY2018 *(audited)* *HK$'000*	FY2019 *(audited)* *HK$'000*	FY2020 *(audited)* *HK$'000*	1H2020 *(unaudited)* *HK$'000*	1H2021 *(unaudited)* *HK$'000*
Revenue and income	**13,361**	**20,160**	**17,024**	**3,362**	**940**
– share investment and dealing business[(Note 1)]	13,361	19,389	15,968	2,834	433
Net gain on financial assets at fair value through profit or loss — listed investments	–	10,438[(Note 3)]	–	–	–
Net gain on financial assets at fair value through profit or loss — unlisted investments	53	13	9,118[(Note 5)]	–	–
Dividends from listed investments	8,027	7,808[(Note 4)]	4,013[(Note 4)]	2,668[(Note 4)]	–
Dividends from unlisted investments	589	–	294	–	–
Interest income on financial assets not at fair value through profit or loss	206	250	69	30	24
Net exchange gain	3,876	–	1,812	117	–
Write back of impairment losses on amount due from an investee company	503	274	–	18	352
Net gain on disposal of property, plant and equipment	–	–	220	–	–
Sundry income	107	606	442	1	57
– property investment business[(Note 2)]	–	771	1,056	528	507
(Loss) for the year attributable to owners of the Company	**(1,193,974)**	**(481,656)**	**(446,497)**	**(260,365)**	**(46,280)**
Loss per Lee Hing Share (HK cent) (Basic and diluted)	**(813.42)**	**(328.15)**	**(304.19)**	**(177.38)**	**(31.53)**

Notes:

1. Revenue derived from share investment and dealing business represented investment in listed and unlisted securities, purchases and sales of listed securities.

2. Revenue derived from property investment business represented the rental income from investment properties.

3. Net gain on financial assets at fair value through profit or loss — listed investments of approximately HK$10.4 million recorded by the Group represented net gain on disposal of IGB Berhad Shares.

4. Dividends from listed investment represented dividend received from IGB Berhad.

5. The gain on disposal of shares in London Listco as a result of its privatisation in June 2020 was recognised as net gain on financial assets at fair value through profit or loss — unlisted investments.

FY2019 as compared to FY2018

The Group recorded total revenue of approximately HK$20.2 million for FY2019, representing an increase of approximately HK$6.8 million or 50.9% as compared to that for FY2018. According to the 2019 Annual Report, such increase in revenue was primarily attributable to the net gain on financial assets at fair value through profit or loss — listed investment of approximately HK$10.4 million, which mainly arose from the gain on disposal of the IGB Berhad Shares during FY2019. The loss for the year attributable to the owners of the Company decreased by approximately HK$712.3 million or 59.7%, from approximately HK$1,194.0 million for FY2018 to approximately HK$481.7 million for FY2019 as a result of the decrease in unrealised loss on financial assets at fair value through profit or loss — listed investment of approximately HK$701 million. The aforesaid unrealised loss on financial assets at fair value for FY2019 was mainly due to the decrease in fair value of shares in London Listco of approximately HK$545.3 million, partially offset by increase in fair value of IGB Berhad Shares and preference shares of approximately HK$90.2 million in aggregate.

FY2020 as compared to FY2019

The Group recorded total revenue of approximately HK$17.0 million for FY2020, representing a decrease of approximately HK$3.1 million or 15.6% as compared to that for FY2019. The decline in revenue was primarily attributable to (i) the net gain on financial assets at fair value through profit or loss — listed investments in 2019 turning into net loss in 2020; and (ii) decrease in dividend income. The aforesaid net loss on financial assets at fair value through profit or loss during FY2020 mainly resulted from (i) loss on disposal of shares of London Listco in the amount of approximately HK$302.9 million; and (ii) loss on disposal of IGB Berhad Shares in amount of approximately HK$2.4 million, which were partially offset by gain on disposal of shares of PureCircle in the amount of approximately HK$9.1 million. Therefore, the loss for the year attributable to the owners of the Company exhibited a slight decline of approximately HK$35.2 million from HK$481.7 million for FY2019 to approximately HK$446.5 million for FY2020 due to (i) decrease in unrealised loss on financial assets at fair value through profit or loss — listed investments of approximately HK$406.1 million as a result of decrease in fair value of IGB Berhad Shares; and (ii) decrease in finance costs.

1H2021 as compared to 1H2020

The Group recorded total revenue of approximately HK$0.9 million for 1H2021, representing a significant decline of approximately HK$2.42 million or 72.0% as compared to that for 1H2020. According to the 2021 Interim Report, the Group's revenue and income were mainly attributable to rental income of approximately HK$0.5 million, and write back of impairment losses on amount due from an investee company of approximately HK$0.4 million. The decrease in revenue was primarily attributable to no sale or purchase of shares in PureCircle and IGB Berhad during 1H2021. The loss for 1H2021 attributable to the owners of the Company exhibited a dramatic decline of approximately HK$214.1 million from HK$260.4 million for 1H2020 to approximately HK$46.3 million for 1H2021 as a result of the decrease in unrealised loss on financial assets at fair value through profit or loss – listed investment of approximately HK$183.7 million.

Financial position of the Group

Set out below is a summary of the consolidated financial position of the Group as at 31 December 2018, 2019 and 2020 and as at 30 June 2021 as extracted from the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Report:

	As at			
	31 December 2018 *(audited)* *HK$'000*	31 December 2019 *(audited)* *HK$'000*	31 December 2020 *(audited)* *HK$'000*	30 June 2021 *(unaudited)* *HK$'000*
Non-current assets	1,647,899	927,192	296,476	296,155
Investment properties	–	55,000	60,000	60,000
Property, plant and equipment	77,752	30,268	26,327	26,212
Associates	25,454	27,387	25,457	23,748
Financial assets at fair value through profit or loss	1,534,776	806,120	177,097	178,600
Financial assets at fair value through other comprehensive income	9,917	8,417	7,595	7,595
Current assets	30,586	67,638	195,085	143,834
Financial assets at fair value through profit or loss	634	48,021	177,792	137,354
Derivative financial instruments	–	11,276	–	–
Other assets	295	295	295	295
Accounts receivable, deposits and prepayments	386	843	655	515
Current tax assets	–	–	30	36
Time deposits and bank balances	29,271	7,203	16,313	5,634
Total assets	**1,678,485**	**994,830**	**491,561**	**439,989**
Non-current liabilities	150,003	–	88,342	85,841
Bank borrowings	150,003	–	88,342	85,841
Current liabilities	**288,956**	**223,550**	**80,016**	**79,778**
Bank borrowings	284,858	220,388	77,375	76,978
Accounts payable, deposits and accruals	3,744	2,801	2,201	1,139
Derivative financial instruments	–	–	92	1,313
Current tax liabilities	6	13	–	–
Other payable	348	348	348	348
Total liabilities	**438,959**	**223,550**	**168,358**	**165,619**
Net assets	**1,239,526**	**771,280**	**323,203**	**274,370**

As at 31 December 2019

As at 31 December 2019, the total assets of the Group, which mainly comprised of financial assets at fair value through profit or loss accounting for approximately 85.9% of the total assets, was approximately HK$994.8 million, representing a decrease of approximately HK$683.7 million or 40.7% when compared to that as at 31 December 2018. Such decrease was mainly attributable to decline in non-current portion of financial assets at fair value through profit or loss of approximately HK$728.7 million or 47.5% from approximately HK$1,534.8 million as at 31 December 2018 to approximately HK$806.1 million as at 31 December 2019 (being the share investment in London Listco and IGB Berhad), partially offset by increase in the current portion of financial assets at fair value through profit or loss of approximately HK$47.4 million or 74.7 times from approximately HK$0.6 million as at 31 December 2018 to approximately HK$48.0 million (being the call options related to shares of London Listco as at 31 December 2019. The said decline in non-current portion of financial assets at fair value through profit or loss was mainly due to (i) disposal of equity securities (being the ordinary and preference shares of IGB Berhad) in the amount of approximately HK$229.5 million; and (ii) decrease in fair value recognised in profit or loss of approximately HK$455.0 million in relation to share investment in IGB Berhad and London Listco.

As at 31 December 2019, the total liabilities of approximately HK$223.6 million, comprising of bank borrowings of approximately HK$220.4 million which accounted for approximately 98.6% of the total liabilities as at 31 December 2019, represented a decrease of approximately HK$215.4 million or 49.1% as compared to the same of approximately HK$439.0 million as at 31 December 2018. Such decrease was mainly due to repayment of bank borrowings of approximately HK$213.4 million during FY2019. As advised by the Company, the proceeds from bank borrowings during FY2019 is used for trading of securities and working capital.

As a result, the Group recorded net assets of approximately HK$771.3 million as at 31 December 2019, which represented a decrease of approximately HK$468.3 million or 37.8% from net assets of approximately HK$1,239.5 million as at 31 December 2018.

As at 31 December 2020

As at 31 December 2020, the total assets of the Group, mainly comprising of financial assets at fair value through profit or loss and investment properties, which in aggregate accounted for approximately 84.4% of the total assets, was approximately HK$491.6 million, representing a decrease of approximately HK$503.3 million or 50.6% as compared to the same as at 31 December 2019. Such decrease was mainly attributable to decline in the non-current portion of financial assets at fair value through profit or loss of approximately HK$629.0 million or 78.0% from approximately HK$806.1 million as at 31 December 2019 to approximately HK$177.1 million (being the share investment in PureCircle) as at 31 December 2020, partially offset by an increase in the current portion of financial assets at fair value through profit or loss of approximately HK$129.8 million or 2.7 times from approximately HK$48.0 million as at 31 December 2019 to approximately HK$177.8 million (being the share investment in IGB Berhad) as at 31 December 2020. The said decline in non-current portion of financial assets at fair value through profit or loss was mainly due to disposal of equity securities (mainly including PureCircle Shares, IGB Berhad Shares and share of PureCircle) in the amount of approximately HK$644.9 million in 2020.

As at 31 December 2020, the total liabilities of approximately HK$168.4 million, mainly comprising of bank borrowings of approximately HK$165.7 million which accounted for approximately 98.4% of the total liabilities, represented a decrease of approximately HK$55.2 million or 24.7% as compared to the same of approximately HK$223.6 million as at 31 December 2019. Such decrease was mainly attributable to repayment of bank borrowings of approximately HK$54.7 million during FY2020. As advised by the Company, the proceeds from bank borrowings during FY2020 is used for trading of securities and working capital.

As a result, the Group recorded net assets of approximately HK$323.2 million as at 31 December 2020, which represented a decrease of approximately HK$448.1 million or 58.1% from net assets of approximately HK$771.3 million as at 31 December 2019.

As at 30 June 2021

As at 30 June 2021, the total assets of the Group, mainly comprising of financial assets at fair value through profit or loss and investment properties, which in aggregate accounted for approximately 85.5% of the total assets, was approximately HK$440.0 million, representing a decrease of approximately HK$51.6 million or 10.5% as compared to the same as at 31 December 2020. Such decrease was mainly attributable to (i) decline in the current portion of financial assets at fair value through profit or loss of approximately HK$40.4 million or 22.7% from approximately HK$177.8 million as at 31 December 2020 to approximately HK$137.4 million (being the share investment in IGB Berhad) as at 30 June 2021; and (ii) decrease in time deposits and bank balances of approximately HK$10.7 million or 65.5% from approximately HK$16.3 million as at 31 December 2020 to approximately HK$5.6 million as at 30 June 2021.

As at 30 June 2021, the total liabilities of approximately HK$165.6 million, mainly comprising of bank borrowings of approximately HK$162.8 million which accounted for approximately 98.3% of the total liabilities, represented a slight decrease of approximately HK$2.8 million or 1.6% as compared to the same of approximately HK$168.4 million as at 31 December 2020, mainly attributable to the decrease in amount of bank borrowings. As advised by the Company, the proceeds from bank borrowings during 1H2021 is used for trading of securities and working capital.

As a result, the Group recorded net assets of approximately HK$274.4 million as at 30 June 2021, which represented a decrease of approximately HK$48.8 million or 15.1% from net assets of approximately HK$323.2 million as at 31 December 2020. Besides, the cash level of the Group as at 30 June 2021 amounted to approximately HK$5.6 million, representing a decline of approximately HK$10.7 million or 65.5% as compared to the same as at 31 December 2020, mainly as a result of the substantial decrease in cash flow from operation for 1H2021.

Qualified opinions on the Group's financial statements for FY2019 and FY2020

According to the independent auditor's report in the 2019 Annual Report and 2020 Annual Report, the independent auditor of the Company issued qualified opinion on the Group's financial statements for each of the two years ended 31 December 2020. As disclosed in the sub-section headed "4. Auditor's qualified opinion given in respect of the consolidated financial statements of the Group for the years ended 31 December 2019 and 2020" in the Appendix II Financial information to the Composite Document, the qualified opinion relating to the Group's financial statements for FY2019 was mainly due to the absence of market value of the shares in London Listco as at 31 December 2019 because of the suspension of the trading in the shares of London Listco effective from 28 October 2019, resulting in the Company determining the carrying amounts of the equity interest in London Listco and the call option by reference to the closing quoted price of the shares of London Listco at 28 October 2019. As at the Latest Practicable Date, the suspension had been lifted and London Listco had been privatized by PureCircle and become a wholly-owned subsidiary of PureCircle. As for the qualified opinion relating to the Group's financial statements for FY2020, it arose mainly from the unavailability of the audited financial statements of PureCircle for determining the carrying value of the Group's investment in PureCircle. For this reason, the Company determined the carrying value based on PureCircle's unaudited financial statements available to the Company. Given the above, the Board does not consider that these qualifications have any significant implications on the Offer and the Company.

The Disinterested Shareholders should note that there is uncertainty on the financial position and results of the Group according to the above-mentioned qualified opinions for FY2019 and FY2020 which may affect the disposal of the Lee Hing Shares. Although the PureCircle's audited financial statements for FY2020 was unavailable during the preparation of the Company's annual financial statements for FY2020 and the carrying value of PureCircle in the Company's annual financial statements for FY2020 was based on PureCircle's unaudited financial statements for FY2020, we understand that (i) the Company has reviewed the PureCircle's unaudited financial statements; and (ii) PureCircle is currently a subsidiary of Ingredion, which is publicly listed on the New York Stock Exchange and is subject to certain reporting requirements in relation to accounting disclosure under the rules of the New York Stock Exchange, and therefore, we concur with the Directors' view that the Offer should not be affected by the said qualified opinions. For further details in relation to the independent auditor's qualified opinion, please refer to (i) the sub-section headed "4. Auditor's qualified opinion given in respect of the consolidated financial statements of the Group for the years ended 31 December 2019 and 2020" in the Appendix II Financial information to the Composite Document; and (ii) the 2019 Annual Report and the 2020 Annual Report.

Major investments held by the Group

In regard to the share investment and dealing business, the Group mainly focuses on investments in equity interest of IGB Berhad and PureCircle Limited, which, as disclosed in the 2021 Interim Report, accounted for approximately 31.2% and 40.6% of the total assets of the Company as at 30 June 2021, respectively, while the remaining of the total assets mainly included investment properties and property, plant and equipment. The financial performance and position of the Group is expected to heavily rely on the performance of the major investments (i.e. investments in IGB Berhad Shares and PureCircle Shares).

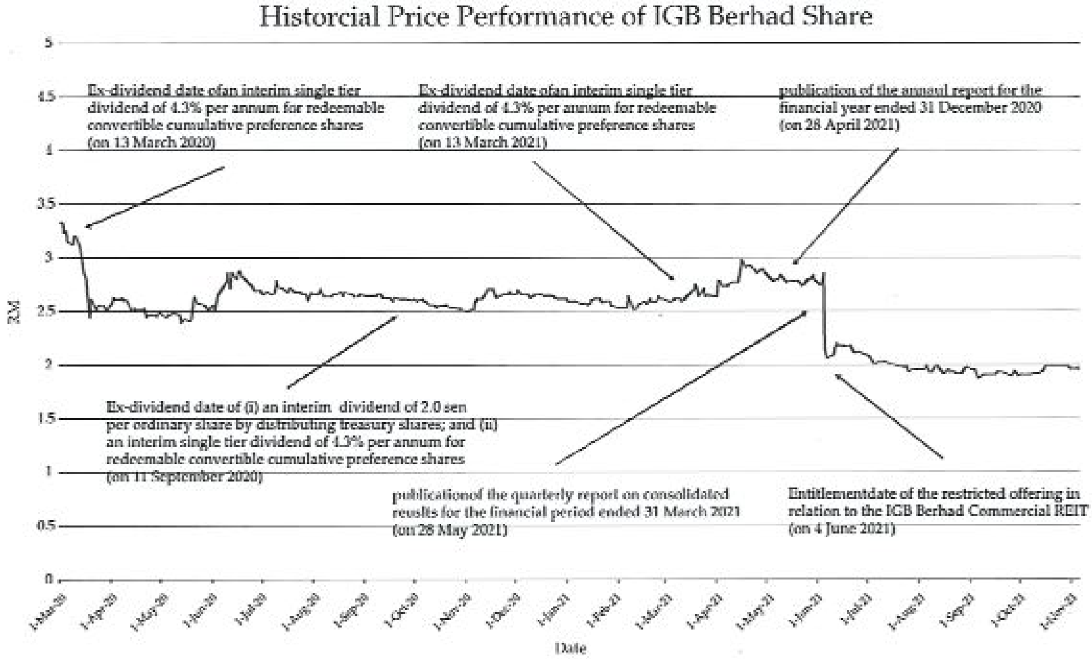
Investment in IGB Berhad Shares

IGB Berhad is an investment holding company listed on Main Market of Bursa Malaysia Securities Berhad, being the stock exchange in Malaysia (Stock Code: IGBB) and principally engaged in property investment and management, retail, hotel operations and construction. It also has private equity investments in the field of information and communications technology and water/wastewater treatment. The IGB Berhad Shares (35,829,816 ordinary shares in IGB Berhad) represents approximately 3.99% of all ordinary shares in IGB Berhad currently in issue.

We understand from the annual report of IGB Berhad for FY2020 that the revenue of IGB Berhad for FY2020 decreased by approximately 29.2% as compared to the same for FY2019, while profit for the year attributable to owners of IGB Berhad for FY2020 significantly dropped by approximately 95.6% as compared to that for FY2019, mainly as a result of the property development and hotel operation sectors being adversely impacted by poor consumer and business sentiments as well as operational disruptions caused by the COVID-19. Looking into the financial performance of IGB Berhad for 1H2021 as disclosed in the interim report of IGB Berhad for 1H2021, IGB Berhad recorded a turnaround from net profit for 1H2020 into net loss for 1H2021 mainly due to the resurgence and high number of positive COVID-19 cases in Malaysia during 1H2021 and the continued imposition by the Government of the various forms of Movement Control Order which together have dampened hopes of an early recovery in the Malaysia's local economy and further materially affected the retail and hospitality segments.

Besides, we also observed that the market price of the IGB Berhad Shares exhibited a decline during the Review Period (as defined below in the sub-section headed "6. the Cash Offer — (b) Historical price performance of Lee Hing Shares"), from the highest level of approximately Malaysian ringgit ("RM") 3.2 in March 2020 to the lowest level of approximately RM2.0 in July 2021 which is generally in line with the financial performance of IGB Berhad, where there were two obvious slump in market price of the IGB Berhad Shares during the Review Period. The first decline happened after ex-dividend date of an interim dividend of 4.3% per annum for redeemable convertible cumulative preference shares on 13 March 2020 where the market price of IGB Berhad Shares dropped from RM3.15 on 12 March 2020 to RM2.43 on 19 March 2020. The second significant slump occurred subsequent to the publication of the quarterly report on consolidated results for the financial period ended 31 March 2021 on 28 May 2021, after which the market price of IGB Berhad Shares decreased from RM2.84 on 2 June 2021 to RM2.05 on 4 June 2021, followed by a generally decreasing trend and closing price of RM1.93 as of the Latest Practicable Date.

As at the Latest Practicable Date, the market capitalisation of the IGB Berhad Shares held by the Group is approximately HK$127.9 million, which is calculated based on the market price of IGB Berhad Shares as at the Latest Practicable Date of RM1.93 (equivalent to approximately HK$3.57 with an exchange rate of HK$1.85 = RM1), multiplied by the total number of IGB Berhad Shares held by the Company of 35,829,816. The daily closing prices of IGB Berhad Shares are illustrated as follows:



Source: the website of Bursa Malaysia (https://www.bursamalaysia.com/).

Apart from the above assessment, we are aware of the corporate activities by IGB Berhad, including (i) the spin-off of the commercial property segment of IGB Berhad (i.e. the "**IGB Berhad Commercial REIT**"), which has been established with the principal investment policy of investing, directly and indirectly, in a portfolio of income producing real estate primarily used for commercial purposes in Malaysia and overseas and was approved by shareholders of IGB Berhad on 28 April 2021; and (ii) the shares of the IGB Berhad Commercial REIT is listed since 20 September 2021. As discussed with the Company, the Group was entitled the rights to subscribe for 35,829,816 shares (the "**Entitlement Shares**") in the IGB Berhad Commercial REIT under its spin-off proposal from IGB Berhad.

As advised by the Company, based on the Group's current financial conditions, the Group has no intention to subscribe for the Entitlement Shares. The Entitlement Shares not subscribed by Group were made available for subscription by the placees under the institutional offering under the spin-off proposal. According to the announcement published by the IGB Berhad on 3 September 2021, the indicative price of the IGB Berhad Commercial REIT Rights has been set at RM0.71 per unit. As confirmed by the Company, the subscription was completed in October 2021 and under the terms of the spin-off proposal, the Group is entitle to receive and, has as the Latest Practicable Date received, a sum from the proceeds of the subscription by the places of the Entitlement Shares (based on around RM0.3 per unit after deducting amount due to IGB Berhad of approximately RM0.41 per unit from its indicative price of RM0.71 per unit) of approximately RM10.8 million (equivalent to approximately HK$20.2 million), where most of the sale proceeds has been held by a bank in order to meet security coverage ratio requirement as required under a bank facility agreement. Therefore, we are of the view that the disposal of the IGB Berhad REIT Rights could not relieve immediate cashflow pressure faced by the Company and replenish its working capital for maintaining daily operation and therefore has no material impact on improving the financial position of the Group.

Investment in PureCircle Shares

PureCircle Limited (formerly known as Ingredion SRSS Holdings Limited or London Listco before London Listco Privatisation) is a company incorporated in England and Wales and principally engaged in production and distribution of stevia sweeteners and flavors to food and beverages industry worldwide. The PureCircle Shares (36,746,277 shares in PureCircle) represents approximately 8.21% of all ordinary shares of PureCircle currently in issue.

Since London Listco was privatised by Ingredion in mid-2020, there is no public financial information about London Listco after the last financial year prior to its delisting, being the year ended 30 June 2019. Based on the annual report of London Listco for the year ended 30 June 2019, we noted that (i) the revenue of London Listco for the year ended 30 June 2019 recorded approximately USD124.0 million, representing a slight decline of approximately USD2.6 million or 2.0% as compared to the same for the year ended 30 June 2018 due to the decline in sales volume of certain base products being replaced with new and better tasting breakthrough products in the market; (ii) the gross profit of London Listco for the year ended 30 June 2019 amounted to approximately USD1.2 million, representing a decrease of approximately USD37.0 million or 96.7% as compared to the same for the year ended 30 June 2018 which was mainly due to inventory being written down for correction to full-cost recognition; and (iii) the financial position and comprehensive income for the year ended 30 June 2018 have been restated to correct errors with respect of revenue, inventory and cost of goods sold after London Listco had performed a comprehensive review and assessment of the net realisable value and provision of slow-moving inventory procedure based on the forecasted sales and consumption plans of the London Listco's management according to the annual report of London Listco for the year ended 30 June 2019. Consequently, the loss for the year attributable to owners of London Listco was significantly intensified by approximately 47 times, from approximately USD1.7 million for the year ended 30 June 2018 to that of approximately USD79.7 million for the year ended 30 June 2019, representing loss per share of approximately 45.32 USD cents for the year ended 30 June 2019. On the other hand, the financial position of London Listco also worsened during the two years ended 30 June 2019, while the net assets dropped from approximately USD210.2 million as at 30 June 2018 to approximately USD159.5 million as at 30 June 2019, representing a decrease of approximately USD50.7 million or 24.1%.

Besides, it should be brought to the Disinterested Shareholders' attention that, in view of (i) the right of the Company to exercise the Put Option; and (ii) under the PureCircle Shareholders' Agreement, the Company is permitted to freely transfer the PureCircle shares to a member of the Group or is permitted to transfer those shares to third party provided that Ingredion and the other minority investors of PureCircle decline their rights of pre-emption and further subject to the third party buyer executing a deed of adherence to the PureCircle Shareholders' Agreement, the equity interest in PureCircle held by the Group shall only be transferred within certain transfer restrictions as mentioned above but, to a certain extent, liquid to be converted into cash under the PureCircle Exit Arrangements. With further reference to the Letter from Kingkey Securities and the circular of the Company dated 23 July 2020, the PureCircle Shareholders' Agreement does not specify any basis on which Ingredion shall determine the fair value of the PureCircle Shares and the valuation methodology applied by the independent valuer for determining the fair value of the PureCircle Shares is that the fair price following referral to the independent valuer shall be the price in USD determined on discounted cash flows based on recent (by reference to the date of the relevant notice served by Ingredion or a minority investor (as the case may be)) past performance of PureCircle and projected five year cash flows of PureCircle which the independent valuer determines to be the fair value of the PureCircle Shares (on a per PureCircle Share basis) as at the date of the relevant notice on a sale. Accordingly, the consideration payable under the PureCircle Exit Arrangements and the Put Option are yet to be determined.

3. Intention of the Offeror regarding the Group

If the Offeror acquires such number of Lee Hing Shares under the Offer as represents not less than 90% of all the Lee Hing Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders within, but not exceeding, the period of 4 months after the posting of the Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Lee Hing Shares held by the Disinterested Shareholders, following which the listing of the Company on the Main Board of the Stock Exchange shall be withdrawn pursuant to the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard. In the event that the Offeror and parties acting in concert with it come to hold 70% or more, but less than 90%, of all the Lee Hing Shares in issue at the close of the Offer, the Lee Hing Shares will remain listed on the Main Board of the Stock Exchange. However, trading in the Lee Hing Shares has been suspended since 9:00 a.m. on 17 March 2021 pending re-compliance with Rule 13.24 of the Listing Rules by the Company and fulfilment of any resumption guidance that may be set by the Stock Exchange.

The Board currently has five Directors, comprising two executive Directors and three independent non-executive Directors. It is the Offeror's intention that all the independent non-executive Directors shall cease to be Directors with effect from the date on which the withdrawal of the listing of the Company on the Main Board of the Stock Exchange becomes effective following the compulsory acquisition by the Offeror to acquire the remaining Lee Hing Shares held as mentioned in the preceding paragraph (if such withdrawal materialises).

Save as aforesaid, the Offeror does not have any intention to introduce any significant changes to the existing operations and management of the Group, including any redeployment of the fixed assets of the Group (save for the disposal of PureCircle Shares contemplated under the PureCircle Exit Arrangements), nor does it have any intention to make any significant changes to the continued employment of the Group's employees. Furthermore, Mr. Tan and the Offeror do not currently have any intention to seek a listing of the Offeror Shares or the business of the Group on a stock exchange, whether in Hong Kong or in another jurisdiction.

4. Information of the Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 18 May 2021 and its issued share capital as at the Latest Practicable Date comprises 100 Offeror Shares which are owned by Mr. Tan. On 25 June 2021, a shareholder's resolution of the Offeror was passed whereby each one ordinary share of US$1.00 (whether issued or unissued) was sub-divided into 100 ordinary shares of US$0.01 each. As a result of the aforesaid share sub-division, the only ordinary share of US$1.00 then in issue of the Offeror and held by Mr. Tan was sub-divided into 100 ordinary shares of US$0.01 each of the Offeror (i.e. 100 Offeror Shares). As at the Latest Practicable Date, save and except for the 100 Offeror Shares held by Mr. Tan and the Offeror Shares to be issued under the Share Alternative, the Offeror: (a) does not have any options, derivatives, warrants or securities which are convertible or exchangeable into the Offeror Shares or which confer rights to require the issue of the Offeror Shares; (b) has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Offeror Shares or which confer rights to require the issue of Offeror Shares; and (c) has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Save for the purposes of the implementation of the Offer and the intended privatisation of the Company, the Offeror is not intended to engage in any business activities. The sole director of the Offeror is Mr. Tan. As at the Latest Practicable Date, the assets of the Offeror mainly comprise cash in the sum of approximately HK$52 million representing the cash advanced by Mr. Tan to finance the Offer, after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million while the major liabilities of the Offeror comprise the shareholder's loan from Mr. Tan for the Offer of HK$54 million.

5. Reasons for and benefits of the Offer made by the Offeror

Unfavourable listing status of the Company

With reference to the announcement of the Company dated 5 March 2021 in relation to the decision of the Stock Exchange on Rule 13.24 (the "**HKSE Decision Announcement**"), the Company received a letter dated 5 March 2021 from the Stock Exchange notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares (the "**Decision**"). Pursuant to Rule 2B.06(1) of the Listing Rules, the Company has the right to refer the Decision to the Listing Committee (as defined in the Listing Rules) for review and the Company has decided not to review the Decision. However, with further reference to the announcement of the Company dated 17 March 2021 in relation to suspension of trading (the "**Suspension of Trading Announcement**"), at the request of the Company, trading in Lee Hing Shares was suspended with effect from 9:00 a.m. on 17 March 2021 and will remain suspended pending re-compliance with Rule 13.24 by the Company and fulfilment of any resumption guidance that may be set by the Stock Exchange. As at the Latest Practicable Date, trading in Lee Hing Shares is still suspended.

According to the HKEX Guidance Letter in respect of guidance on sufficiency of operations, Rule 13.24 of the Listing Rules was amended and became effective in October 2019 (with a transitional period of 12 months). Under the amended Rule 13.24(2) of the Listing Rules, proprietary trading and/or investment in securities by an issuer and its subsidiaries (other than an issuer which is an investment company listed under Chapter 21 of the Listing Rules) are normally excluded when considering whether the issuer can meet the requirement of sufficient level of operation and assets of sufficient value to support its operations to warrant continued listing of the Company as set out in Rule 13.24(1) of the Listing Rules. As disclosed in the Letter from Kingkey Securities, since the suspension of trading, the Company has been trying to identify feasible solutions to re-comply with Rule 13.24 of the Listing Rules, namely assessing and identifying suitable business to be acquired by the Group which having regard to the existing business of the Group would constitute a reverse takeover of the Company as defined under the Listing Rules. Based on our discussion with the Company, we understand that the Company is open to any sector or type of business to invest. As at the Latest Practicable Date, no progress had been made in identifying a suitable solution to re-comply with Rule 13.24 of the Listing Rules.

In spite of the Company's effort in formulating the expansion plan to re-comply with Rule 13.24 of the Listing Rules by identifying suitable business, the global economy was negatively impacted by the COVID-19 pandemic and therefore, not only the financial performance and position of the Group have been worsening, huge number of businesses around the globe have been affected materially and adversely. Therefore, the emerging business opportunities are less attractive and simultaneously, the Group has faced tremendous challenges in the course of identifying any suitable business, in light of the prevailing global economic environment, the uncertainties in the operation of business posed by the COVID-19 pandemic, the financial position of the Group and the funding need for acquisition. Based on our discussion with the management of the Company, we concur with the Company that, based on the current financial situation of the Company, especially the persistent loss-making track record and low level of cash position of the Group of approximately HK$5.6 million as at 30 June 2021, there are certain obstacles for the Group to acquire a new business either by their internal financial resources or bank loans from financial institutions. On the other hand, given that trading of the Lee Hing Shares is currently suspended and its historical low liquidity of the Lee Hing Shares hinders the Company's ability to raise fund from the public equity market, which no longer serves as viable source of funding for developing the Group's business to demonstrate re-compliance with Rule 13.24 of the Listing Rules. We consider that the Company stands a large chance of being delisted from the Stock Exchange based on the fact that Company could barely acquire a business which can meet the new listing requirement, in particular that the aggregate profit requirement over the three-financial year track record period for companies listing on the Main Board will increase from HK$50 million to HK$80 million, set out in

Chapter 8 of the Listing Rule where such amendments of listing requirement will become effective since 1 January 2022. Hence, the Offer represents an opportunity for the Shareholders to realise their investment in the Company before the delisting of the Company through opting for the Cash Offer or to continue acting as shareholders of the Offeror through opting for the Share Alternative to enjoy any potential increase in value of the Offeror Shares in the future.

Business prospects of the Group

Based on the Group's historical financial results, we note that the Group recorded net loss for six consecutive years since 2015, whereas the NAV of the Group declined substantially from 31 December 2015 of approximately HK$2,265.2 million to 30 June 2021 of approximately HK$274.4 million, representing a negative compounded annual growth rate of approximately 32.3%. The substantial decrease in the Group's NAV during these six years mainly resulted from the unrealised loss on financial assets in relation to the Group's investments in the PureCircle Shares and IGB Berhad Shares.

With reference to the 2019 Annual Report and the 2020 Annual Report, the operating expenses of the Group, mainly including Directors' fee, employee salaries and allowance, legal, professional and consultation expenses and other general operating expenditure, for FY2018, FY2019 and FY2020 amounted to approximately HK$29.3 million, HK$25.1 million and HK$32.6 million respectively, indicating that the Group required stable working capital at around HK$30 million per year for its daily operation, and it is expected that such regular expenses will be incurred for the future financial years. As disclosed in the Letter from Kingkey Securities, depending on the market conditions and the availability of funding to the Group, the Group may from time to time in its ordinary and usual course of business dispose of shares in IGB Berhad (the "**Potential Disposal of IGB Berhad Shares**") held by it through on market transactions on Bursa Malaysia Securities Berhad or through private placements by way of block trade(s) conducted through reputable financial institutions in Malaysia as placing agents. As advised by the Company, we understand from the Company that in 26 October 2021, Mr. Tan has provided HK$4 million to the Company as an interest-free loan from director (the "**Financial Support**") for general working capital of the Group so as to relieve immediate cash flow pressure of the Group. Therefore, the Group would mainly rely on the Potential Disposal of IGB Berhad Shares and Financial Support to maintain sufficient working capital for its daily business.

On the basis that (i) the majority of the income from operations were generated from the share investment and dealing business for FY2020; and (ii) the financial assets at fair value through profit or loss accounted for the majority of total assets of the Group as at 30 June 2021, we are of the opinion that the financial performance of the Group will continue to be significantly dependent on the future prospect of PureCircle and IGB Berhad, which is subject to global financial market and economic condition. In this regard, we would like to highlight the following risk factors for consideration:

1. The financial assets at fair value through profit or loss, which were major investments of the Group, may fluctuate from time to time and their value may suffer from significant decline in the future, which could materially and adversely affect the financial condition of the Group

   During the past three financial years, the Group generated its revenue mainly from share investment and dealing in relation to the investments in the PureCircle Shares and the IGB Berhad Shares, these traded securities are classified as financial assets at fair value through profit or loss. As at 31 December 2018, 2019 and 2020, the market capitalisation of the PureCircle Shares and the IGB Berhad Shares was approximately HK$1,535.4 million, HK$854.1 million and HK$414.9 million, respectively. Such declining balance during the past three financial years mainly resulted from the change in market sentiment and investors' expectation and the historical financial performance of PureCircle and IGB Berhad. Moreover, the financial performance and business growth of IGB Berhad and PureCircle, of share investments held by the Group, may be heavily dependent on the conditions of the global market. The global economic condition could generally act as the determining factor for the market price performance of IGB Berhad and PureCircle, especially for IGB Berhad as its shares is listed on Bursa Malaysia. As a result of the existence of ready market for share trading, IGB Berhad Shares may be subject to change in market sentiments and investors' expectation on IGB Berhad. The dynamic fluctuation in the fair value of the financial assets held by the Group could materially and adversely affect the financial condition of the Group as the NAV of the Group may decrease with market valuation of IGB Berhad and PureCircle.

2. Change in legal and regulatory environment may have adverse effect on business and expansion plan of IGB Berhad and PureCircle with business coverage across the globe

   The regulatory requirement in each country may differ due to their specific economic and political characteristics, as well as their political relations with other countries. International legal and regulatory environment have historically been affected by competition among countries and geopolitical frictions. Failure to comply with the laws and regulations may cause the company subject to certain penalties, including payment of fines or even legal sanctions including closure of the production facilities and business office.

   We observed that PureCircle and IGB Berhad have their business coverage across the globe, where (i) PureCircle has its production plant in the PRC and Malaysia and sell its product to 63 countries as disclosed in the annual report of PureCircle for the year ended 30 June 2019; and (ii) IGB Berhad has various property development and investment, and hotel management projects across Asia, Australia, the United States and the United Kingdom. Therefore, with business coverage across the globe, IGB Berhad and PureCircle may be vulnerable to legal and regulatory risks. Specifically, taking into account the continued geopolitical instability which may result in changes in trade policies, treaties and tariffs in the jurisdictions where the products of PureCircle are sold to or the raw materials are procured from or the services are delivered in, or the perception that these changes could occur, could have adverse effect on the financial performance and position of PureCircle.

3. Risks relating to the widespread impact of the COVID-19 pandemic and its prolonged effect on global economy may create severely negative impact on the business of IGB Berhad and PureCircle on a continuous basis

COVID-19 pandemic is beyond the Group's control and may materially and adversely affect the economy and livelihood of people in the areas where IGB Berhad and PureCircle have their business operations. As mentioned above, we noted that IGB Berhad and PureCircle have their business coverage over the world. IGB Berhad has property investments in Asia, Australia, the United States of America and United Kingdom, while PureCircle has production facilities in the PRC and Malaysia and exports goods to multiple countries.

According to the Malaysia Property Market Outlook 2021 (the "**Market Outlook 2021**") released in December 2020 by Property Guru Group, an Asian leading online property portal, the Malaysia property price index has been registering a drop since first half year of 2020, from 89.90 points in second quarter of 2020 to its lowest of 88.60 points in fourth quarter of 2020 with base level of 100 points, which reflected the existence of cautious consumer sentiments on the property market. As IGB Berhad based in Malaysia and focuses on property investment and management, property development and hotel operations, the decreased market sentiment on the property market and the slowdown in global economy inevitably adverse the business performance of IGB Berhad in a negative way. Even worse, in 2021, COVID-19 cases are still rapidly increasing in Malaysia, where number of COVID-19 cases as of 2 January 2021 amounted to 117,373, and further hit 2,497,265 as of the Latest Practicable Date, representing an increase of approximately 21 times in roughly ten months. Unavoidably, the job market and overall economy in Malaysia have been adversely impacted by the unexpected growth in COVID-19 cases, which have been proved by persistently high level of unemployment rate at around 4.5% to 4.8% in 2021 and constantly negative level of quarterly gross domestic product growth recorded in Malaysia since second quarter of 2020 to first quarter of 2021 with maximum of -17.2% to minimum of -0.5%, according to public statistics released by Trading Economics (https://tradingeconomics.com/), a leading international information service provider.

We further noted from the 2019 annual report of PureCircle released on 31 March 2020 that PureCircle's extraction plant in the PRC was suspended from 31 January 2020 to 18 February 2020 to adhere to the authority's measure to contain the COVID-19 outbreak and operations at PureCircle's refinery plant in Malaysia also faced temporary suspension in March 2020 to adhere to the government's movement control order. Besides, the global supply chain has faced challenges since early 2021 as a result of cargo delay and steer shipping cost caused by the COVID-19 pandemic. According to the website of Trading Economics, the Baltic Dry Index which measures changes in the cost to transport raw materials, such as metals, grains and fossil fuels, by sea, whereas the raw material of PureCircle forms part of grains, was approximately 2,739 points as at the Latest Practicable Date, representing an increase of approximately 110% as compared with approximately 1,300 points in early January 2021 which can be mainly attributable to excess demand caused by a confluence of factors, for instance, soaring demand, a shortage of containers and congestion at ports. As such, as a company to supply its products worldwide, PureCircle's business operation and financial performance may be affected as a result of the substantial increase in shipping cost.

As suggested above, the widespread impact of the COVID-19 pandemic, including the severe movement and commercial restrictions, has created negative impact on the economic conditions in which IGB Berhad and PureCircle have their operation. Heading into 2021, there are emergences of different variants of the COVID-19, such as the Delta Variant which is far more transmissible than its predecessors and more lethal to people of all ages, and total COVID-19 cases in the world has exhibited an increasing trend, from approximately 83.9 million cases as of 31 December 2020 to 249.1 million cases as of the Latest Practicable Date. Such resurgent COVID-19 infections in the country have put the brakes on expectations of a quick recovery for global economy, and the prevailing subdued market sentiment is expected to recover at a low pace in the near future. The severity of COVID-19 outbreak may have material influence on operation and profitability of IGB Berhad and PureCircle under global market in 2020 and potentially beyond. On the production side, since labor productivity may reduce due to decreased working hours, absence of work in light of potential lockdown and quarantine. On the demand side, willingness of the public to spend may shrink as a result of being laid off or temporary labor stoppage. As the COVID-19 pandemic is still evolving, the prospect of the global economy is still unpredictable. Therefore, the financial performance and position of the Group may deteriorate in case that the COVID-19 pandemic does not show an obvious improvement in the near future.

6. **The Cash Offer**

(a) *Comparison of the Offer Price*

The Offer Price of HK$0.80 represents:

(i) a premium of approximately 53.9% over the closing price of HK$0.52 per Lee Hing Share quoted on the Stock Exchange on 16 March 2021, being the Last Trading Day;

(ii) a premium of approximately 28.6% over the average closing price of approximately HK$0.622 per Lee Hing Share quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 3.7% to the average closing price of approximately HK$0.831 per Lee Hing Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 28.7% to the average closing price of approximately HK$1.122 per Lee Hing Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 28.4% to the average closing price of approximately HK$1.118 per Lee Hing Share quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a discount of approximately 63.7% to the audited consolidated net assets attributable to owners of the Company per Lee Hing Share of approximately HK$2.2019 as at 31 December 2020, calculated based on the Group's audited consolidated net assets attributable to owners of the Company of approximately HK$323,203,000 as at 31 December 2020 and 146,781,285 Lee Hing Shares in issue as at the Latest Practicable Date;

(vii) a discount of approximately 57.2% to the unaudited consolidated net assets attributable to owners of the Company per Lee Hing Share of approximately HK$1.8692 as at 30 June 2021, calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK$274,370,000 as at 30 June 2021 and 146,781,285 Lee Hing Shares in issue as at the Latest Practicable Date;

(viii) a discount of approximately 69.0% to the adjusted unaudited consolidated net assets attributable to owners of the Company per Lee Hing Share of approximately HK$2.58 as at 30 June 2021, calculated based on the Group's adjusted unaudited consolidated net assets attributable to owners of the Company of approximately HK$$378,616,000 as at 30 June 2021 after taking into account the valuation of the Group's property interests in aggregate of approximately HK$189,870,000 with a valuation date of 30 September 2021 and 146,781,285 Lee Hing Shares in issue as at the Latest Practicable Date; and

(ix) a discount of approximately 68.2% to the Adjusted NAV (as defined below) per Lee Hing Share of approximately HK$2.52 as at 30 June 2021, calculated based on the Group's adjusted unaudited consolidated net assets attributable to owners of the Company of approximately HK$369,162,000 as at 30 June 2021 after taking into account the adjustments on the NAV in aggregate of approximately HK$94,792,000, as calculated in the sub-section headed "6. The Cash Offer – (c) Historical Discount of Lee Hing Shares to NAV per Lee Hing Share", and 146,781,285 Lee Hing Shares in issue as at 30 June 2021.

As the trading of the Lee Hing Shares on the Stock Exchange has been suspended since 17 March 2021, no comparison of value can be made with the closing price per Lee Hing Share on 26 August 2021, being the last Business Day prior to the commencement of the Offer Period.

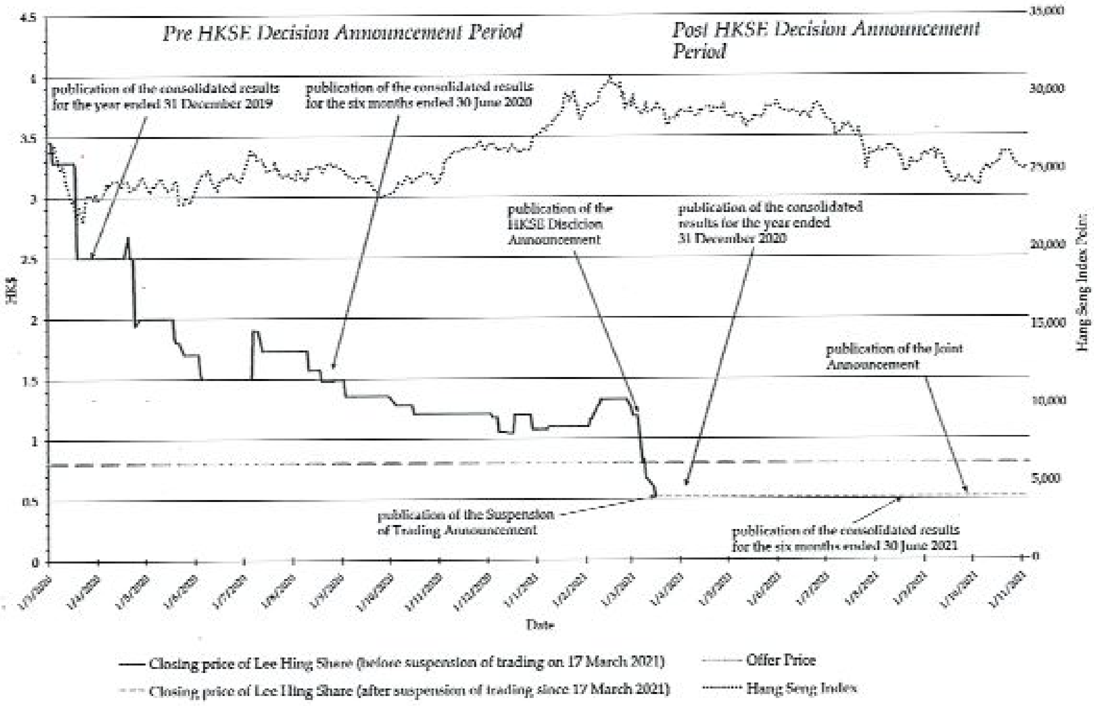
The Offer Price has been determined on a commercial basis after taking into account (i) the historical trading prices of the Lee Hing Shares as quoted on the Stock Exchange, in particular, the period after publication of the announcement of the Company dated 5 March 2021 regarding re-compliance with Rule 13.24 of the Listing Rules; and (ii) the fact that the Lee Hing Shares are currently suspended from trading.

(b) Historical price performance of Lee Hing Shares

We have analysed the movement of the daily closing prices of Lee Hing Shares quoted on the Stock Exchange, (i) during the period commencing from 1 March 2020, being approximately one year prior to the publication of the HKSE Decision Announcement (the "**Pre HKSE Decision Announcement Period**"); and (ii) from 8 March 2021 (being the first trading day after the publication of the HKSE Decision Announcement) and up to the Latest Practicable Date (the "**Post HKSE Decision Announcement Period**") (collectively, the "**Review Period**"). We consider that the duration of the Review Period would be a reasonable and sufficient period to illustrate the recent closing price movement of Lee Hing Shares as it covered reasonably sufficient amount of time prior to suspension of trading for Lee Hing

Shares to fully reflect the market reaction on Lee Hing Shares. The daily closing prices of Lee Hing Shares are illustrated as follows:

Historical Price Performance



Source: The website of the Stock Exchange (www.hkex.com.hk)

With reference to the chart above, the closing price of Lee Hing Shares ranged from HK$3.72 to HK$0.52 during the Review Period. The average closing price of Lee Hing Shares for the Review Period was approximately HK$1.84. The closing price of Lee Hing Shares exhibited a generally downward trend starting from March 2020 to March 2021 (in which the Suspension of Trading Announcement was published), which indicated that, comparatively, the closing price of Lee Hing Shares underperformed the Hang Seng Index during the Review Period as illustrated in the chart above.

During the Pre HKSE Decision Announcement Period, the closing price of Lee Hing Shares showed a generally decreasing trend. At the beginning of the Pre HKSE Decision Announcement Period, the closing price of Lee Hing Shares has experienced a significant drop from HK$3.46 on 2 March 2020 to the HK$2.5 on 19 March 2020, which was generally in line with the slump in value of the global equity markets including the Hang Seng Index in March 2020. Subsequent to the publication of the consolidated results for FY2019 on 30 March 2020, the closing price of Lee Hing Shares continued to exhibit a decreasing trend, which tumbled from HK$2.68 on 20 April 2020 to HK$1.5 on 5 June 2020. The closing price of Lee Hing Shares rebounded back to HK$1.90 on 7 July 2020 after publication of the announcement of the Company mainly in relation to very substantial disposal and very substantial acquisition on 9 June 2020. Further, the closing price of Lee Hing

Shares dropped from HK$1.73 on 10 August 2020 to HK$1.05 on 14 December 2020, within which the Company's consolidated results announcement for 1H2020 was published on 8 August 2020. Subsequent to 17 December 2020, the closing price of Lee Hing Shares was fluctuating within the range between approximately HK$1.1 and HK$1.3 prior to the publication of the HKSE Decision Announcement.

During the Post HKSE Decision Announcement Period, the closing price of Lee Hing Shares demonstrated a significant decline. After the publication of the HKSE Decision Announcement, the closing price of Lee Hing Shares exhibited a significant drop from HK$1.19 on 5 March 2021 to the lowest level during the Review Period of HK$0.52 on 16 March 2021, being the last trading day prior to the publication of the Suspension of Trading Announcement on 17 March 2021, after which Lee Hing Shares have been suspended from trading on the Stock Exchange. As the Company stated in the HKSE Decision Announcement that the Company has decided not to review the Decision, such decline of closing price of Lee Hing Shares may reflect the market sentiment on the Decision, the response of the Company towards the Decision as well as the possible delisting of Lee Hing Shares.

During the Pre HKSE Decision Announcement Period, the Offer Price represents a discount of approximately 50.5% to the average closing price for the Pre HKSE Decision Announcement Period of approximately HK$1.62. However, after the publication of the HKSE Decision Announcement, the fundamental outlook of the Lee Hing Shares has been changed as the Lee Hing Shares would potentially lose its listing status. We are of the view that (i) the market price of the Lee Hing Shares during the Pre HKSE Decision Announcement Period could not be able to reflect investors' expectation on Lee Hing Shares with respect to its potential delisting status; and (ii) the Offer Price being determined with reference to the historical price of Lee Hing Shares, in particular during the Post HKSE Decision Announcement Period, would truly reflect the above-mentioned market impact based on the change in fundamental outlook of the Lee Hing Shares. During the Post HKSE Decision Announcement Period, the Offer Price represents (i) a premium of approximately 53.9% over the closing price of HK$0.52 as at last trading prior to the publication of the Suspension of Trading Announcement; and (ii) a premium of approximately 18.1% to the average closing price for the Post HKSE Decision Announcement Period of approximately HK$0.68.

(c) Historical Discount of Lee Hing Shares to NAV per Lee Hing Share

In arriving at our opinion on the fairness and reasonableness of the Offer Price with respect to the NAV per Lee Hing Share, we have compared the historical discount of Lee Hing Shares (the "**Historical Discount(s)**") (as calculated as the difference between the NAV per Lee Hing Share based on the respective latest consolidated results announcement of the Company and the average closing price of Lee Hing Shares for the respective month/period, and then divided by the said NAV per Lee Hing Share) to the implied discount of the Offer Price (the "**Implied Discount**") (as calculated as the difference between the latest NAV per Lee Hing Share based on the latest consolidated results announcement of the Company as at the Latest Practicable Date and the Offer Price of HK$0.8, and then dividend by the said latest NAV per Lee Hing Share).

However, in order to make a fair comparison of the Offer Price in respect of the NAV per Lee Hing Share, we consider that it is necessary to adjust the NAV as at 30 June 2021 based on the latest available financial information for revaluation adjustment on (i) the IGB Berhad Shares which are publicly traded; and (ii) other land and property investment held by the Group (i.e. a leasehold land in Hong Kong, an investment property in Hong Kong and three land parcels in Japan) subject to revaluation by independent third party valuer, to reflect the recent market sentiment and their fair value. The table below shows the calculations of the adjusted NAV (the "**Adjusted NAV**") as at the Latest Practicable Date taking into account the updated fair value of those assets.

		Amount *(Approximately)*
NAV as at 30 June 2021	*(A)*	HK$274,370,000
Plus: Adjustments on the NAV:	*(B)*	HK$94,792,000
• Downward adjustment on the IGB Berhad Shares	–	HK$9,454,000[Note 1]
• Revaluation surplus of the property held for owner occupation in Hong Kong	+	HK$102,665,000[Note 2]
• Revaluation surplus of the property held for investment purposes in Hong Kong	+	HK$1,900,000[Note 3]
• Revaluation deficit of the properties held for disposal in Japan	–	HK$319,000[Note 4]
Adjusted NAV as at the Latest Practicable Date	*(A) + (B) = (C)*	HK$369,162,000
Number of issued Lee Hing Shares as at 30 June 2021	*(D)*	146,781,285
NAV per Lee Hing Share as at 30 June 2021	*(A) ÷ (D)*	HK$1.87
Adjusted NAV per Lee Hing Share	*(C) ÷ (D)*	HK$2.52
Implied Discount [Note 5]		68.2%

Notes:

1. It represents the difference between the book value of IGB Berhad with reference to the 2021 Interim Report and the its fair value as at the Latest Practicable Date which is calculated by its closing price of RM1.93 (equivalent to approximately HK$3.57 with an exchange rate of HK$1.85 = RM1) quoted on the Kuala Lumpur Stock Exchange as at the Latest Practicable Date multiplied by the number of issued IGB Berhad Shares held by the Company.

2. It represents the revaluation surplus of the leasehold land in Hong Kong with reference to the excess of its appraisal value as at 30 September 2021 over its book value as at 30 June 2021 per the 2021 Interim Report.

3. It represents the revaluation surplus of the investment property in Hong Kong with reference to the excess of its appraisal value as at 30 September 2021 over its book value as at 30 June 2021 per the 2021 Interim Report.

4. It represents the revaluation deficit of the freehold land in Japan with reference to the shortfall of its appraisal value as at 30 September 2021 (with an exchange range of HK$0.0709 = Japanese Yen1) over its book value as at 30 June 2021 per the 2021 Interim Report.

5. It represents the difference between the Adjusted NAV per Lee Hing Share based on the latest consolidated results announcement of the Company as at the Latest Practicable Date and the Offer Price of HK$0.8, and then dividend by the Adjusted NAV per Lee Hing Share.

Based on the above-mentioned adjustments for NAV, considering the upward adjustment of approximately HK$94.8 million, NAV per Lee Hing Share of approximately HK$1.87 as at 30 June 2021 was adjusted to the Adjusted NAV per Lee Hing Share of approximately HK$2.52 as at the Latest Practicable Date. Therefore, the Implied Discount of the Offer Price to the Adjusted NAV per Lee Hing Share is approximately 68.2%.

In order to determine the fairness and reasonableness of the Offer Price, we have assessed the difference between the Implied Discount and the Historical Discounts. Based on adjusted NAV per Lee Hing Share of approximately HK$2.52 as at the Latest Practicable Date, we have compared the Implied Discount of approximately 68.2% with the Historical Discounts for the respective month/period during the Review Period. The table below sets out the comparison between the Historical Discounts during the Pre HKSE Decision Announcement Period and the Post HKSE Decision Announcement Period and the Implied Discount:

Month/Period	NAV per Lee Hing Share (Note 1) (Approximately) (HK$)	Average Closing Price (Approximately) (HK$)	Discount to NAV (%)
Pre HKSE Decision Announcement Period			
2020			
March	8.1	2.981	63.07
April	5.3	2.401	54.31
May	5.3	1.887	64.10
June	5.3	1.531	70.86
July	5.3	1.730	67.09
August	5.3	1.579	69.96
September	3.5	1.372	60.26
October	3.5	1.241	64.05
November	3.5	1.210	64.95
December	3.5	1.130	67.25
2021			
January	3.5	1.096	68.25
February	3.5	1.273	63.13
March *(up to the last trading day prior to the publication of the HKSE Decision Announcement, i.e. 5 March 2021)*	3.5	1.202	65.66
Maximum discount			70.86
Minimum discount			54.31
Median discount			64.95
Average discount			64.84
Post HKSE Decision Announcement Period			
March *(commencing from 8 March 2021 and up to 15 March 2021)*	3.5	0.703	79.90
16 March 2021 *(the Last Trading Day, being the last trading day prior to the publication of the Suspension of Trading Announcement)*	3.5	0.520	85.14
Latest Practicable Date	2.52 (Note 2)	0.8 (Note 3)	68.2

Source: The website of Stock Exchange (www.hkex.com.hk)

Notes:

1. The NAV per Lee Hing Share represents the latest published NAV of the Company divided by number of issued Lee Hing Shares prior to the respective months during the Review Period. The respective latest published NAVs of the Company were extracted from the Company's annual results announcement for FY2019 and FY2020 published on 30 March 2020 and 13 April 2021 respectively and the Company's interim results announcements for six months ended 30 June 2019 and 1H2020 published on 15 August 2019 and 14 August 2020 respectively.

2. The Adjusted NAV per Lee Hing Share represents the Adjusted NAV of the Company divided by number of issued Lee Hing Shares as at the Latest Practicable Date.

3. It represents the Offer Price.

As illustrated in the table above, during the Pre HKSE Decision Announcement Period, Lee Hing Shares have been traded at significant discounts to the NAV per Lee Hing Share, ranging from approximately 54.31% to 70.86%, where the median and the average discounts were approximately 64.95% and 64.84% respectively, indicating that the Lee Hing Shares have been traded substantially below its NAV per Share for the entire period. We consider that the continuous loss-making position of the Group with net asset value shrinking persistently over the past three years as illustrated in the sub-section headed "Financial position of the Group" to this letter may be valued by investors in the stock market with a considerable discount to its NAV. After the publication of the HKSE Decision Announcement, the discount of the Lee Hing Shares' closing price to its NAV per Share further increased to approximately 79.90% during the Post HKSE Decision Announcement Period and approximately 85.14% as at 16 March 2021, being the last trading day of Lee Hing Shares before suspension of trading.

Upon comparison, the Implied Discount of the Offer Price to the Adjusted NAV is approximately 68.2%, which (i) is higher than the average and median of the discount of the Lee Hing Shares' closing price to its NAV per Share for each month/period during the Pre HKSE Decision Announcement Period; and (ii) is lower than the discount of the Lee Hing Shares' closing price to its NAV per Share during the Post HKSE Decision Announcement Period and as at 16 March 2021.

(d) Privatisation Precedents Analysis

We have identified and reviewed precedent privatisation proposals of companies listed on the Main Board of the Stock Exchange for approximately one year prior to the publication of the Joint Announcement, and up to and including the Latest Practicable Date (the "**Privatisation Precedent(s)**"), of which the respective announcements in relation to the privatisation proposal is released since 1 October 2020 up to the Latest Practicable Date and exclude those which were not/yet approved or lapsed (or, where applicable, required acceptance level were not achieved). We have adopted such time span beginning from 1 October 2020 in our research for the Privatisation Precedents in order to better reflect the prevailing market sentiment and recent economic condition for our analysis. We consider that the list of selected Privatisation Precedents is exhaustive and is a fair representation of precedent privatisation proposals to the Offer.

It should be noted that (i) save for the Rivera (Holdings) Limited ("**Rivera**") (stock code: 281) which was subject to non-compliance with Rule 13.24 of the Listing Rules and, accordingly, its shares may be delisted if the privatisation proposal did not materialise, none of the Privatisation Precedents was subject to non-compliance with Rule 13.24 of the Listing Rule; and (ii) the Privatisation Precedents involve listed companies which have different principal activities, market capitalisations, profitability and financial positions. Therefore, although (i) there is only one Privatisation Precedent (i.e. Rivera) which faced a potential delisting circumstances similar to the Company; and (ii) the factors and considerations that affect the premia or discounts of respective offer prices vary on a case by case basis and may be different from those applicable to the Offer, we are of the opinion that the Privatisation Precedents shall represent sufficient samples for comparison and provide a comprehensive and general pricing trend of recent privatisation proposals in recent year.

Company name (stock code)	Announcement date	Industry Sector	Cancellation price as at the respective last trading day (Note 1) (HK$)	Implied market capitalisation based on the cancellation price (Note 2) (HK$ million)	Closing price per share quoted on the Stock Exchange on the last trading day (the "LTD Price") (HK$)	Average closing price per share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day (the "10-Day Price") (HK$)	Average closing price per share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day (the "30-Day Price") (HK$)	Percentage difference between the LTD Price and the 30-Day Price (%)	Premium/ (discount) of cancellation price over/ (to) the closing price of the last trading day (as defined in the corresponding Privatisation Precedents) (%)	Premium/ (discount) of cancellation price over/ (to) the average closing price for the last 10 consecutive trading days prior to and up to the last trading day (as defined in the corresponding Privatisation Precedents) (%)	Premium/ (discount) of cancellation price over/ (to) the average closing price for the last 30 consecutive trading days prior to and up to the last trading day (as defined in the corresponding Privatisation Precedents) (%)
CIMC-TianDa (445)	4 October 2020	Properties & Construction	0.27	4,314.0	0.221	N/A (Note 3)	0.225	(1.8)	20.4	N/A (Note 3)	18.2
Shanghai Prime Machinery (2345)	15 October 2020	Industrials	1.50	2,761.5	0.95	N/A (Note 3)	0.76	25.0	68.4	N/A (Note 3)	110.5
Tonly Electronics (1249)	30 October 2020	Consumer Discretionary	12.00	3,280.7	10.08	9.9	9.38	7.5	19.0	21.2	28.0
I.T Limited (999)	6 December 2020	Consumer Discretionary	3.00	3,587.4	1.94	N/A (Note 3)	1.274	52.3	54.6	N/A (Note 3)	135.5
SHK Hong Kong Industries (666)	18 December 2020	Financials	0.21	863.5	0.14	N/A (Note 3)	0.134	4.5	50.0	N/A (Note 3)	56.7
Huifu Payment (1806)	22 December 2020	Information Technology	3.50	4,561.2	2.76	2.47	2.38	16.0	26.8	41.8	47.0
China Machinery (1829)	13 January 2021	Properties & Construction	3.70	15,265.1	2.55	1.91	1.69	50.9	45.1	93.7	118.9
HKC (190)	17 January 2021	Properties & Construction	8.00	4,088.6	3.63	N/A (Note 3)	3.64	(0.3)	120.4	N/A (Note 3)	119.8
Rivera (281)	18 January 2021	Properties & Construction	0.65	1,695.6	0.58	N/A (Note 3)	0.515	12.6	12.1	N/A (Note 3)	26.3
Zhejiang New Century Hotel Management (1158)	20 January 2021	Consumer Discretionary	18.15	5,082.0	14.56	N/A (Note 3)	15.03	(3.1)	24.7	N/A (Note 3)	20.8
Polytec Asset (208)	21 January 2021	Properties & Construction	1.50	6,658.5	0.93	0.919	0.8693	7.0	61.3	63.2	72.6
Zhuhai Holdings (908)	22 January 2021	Consumer Discretionary	3.06	4,369.1	2.22	2.225	2.008	10.6	37.8	37.5	52.4
New Century Real Estate (1275)	27 January 2021	REIT	2.00 (Note 4)	1,976.0	1.75	N/A (Note 3)	1.493	17.2	14.3	N/A (Note 3)	34.0

Company name (stock code)	Announcement date	Industry Sector	Cancellation price as at the respective last trading day (Note 1) (HK$)	Implied market capitalisation based on the cancellation price (Note 2) (HK$ million)	Closing price per share quoted on the Stock Exchange on the last trading day (the "LTD Price") (HK$)	Average closing price per share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day (the "10-Day Price") (HK$)	Average closing price per share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day (the "30-Day Price") (HK$)	Percentage difference between the LTD Price and the 30-Day Price (%)	Premium/ (discount) of cancellation price over/ (to) the closing price of the last trading day (as defined in the corresponding Privatisation Precedents) (%)	Premium/ (discount) of cancellation price over/ (to) the average closing price for the last 10 consecutive trading days prior to and up to the last trading day (as defined in the corresponding Privatisation Precedents) (%)	Premium/ (discount) of cancellation price over/ (to) the average closing price for the last 30 consecutive trading days prior to and up to the last trading day (as defined in the corresponding Privatisation Precedents) (%)
Xiezhong International (3663)	26 February 2021	Consumer Discretionary	0.80	540.0	0.68	0.66	0.64	6.3	17.6	21.2	25.0
Zhejiang Cangnan Instrument (1743)	12 March 2021	Industrials	22.00	1,535.4	19.84	19.89	19.64	1.0	10.9	10.6	12.0
Sichuan Languang Justbon (2606)	22 March 2021	Properties & Construction	54.30 (Note 5)	9,670.9	38.95	N/A (Note 3)	37	5.3	39.4	N/A (Note 3)	46.5
Inner Mongolia Energy Engineering (1649)	20 April 2021	Properties & Construction	1.80	5,124.3	1.19	1.16	1.28	(7.0)	51.3	55.2	40.6
Chong Hing Bank (1111)	18 May 2021	Financials	20.80	20,235.5	13.76	10.27	10.03	37.2	51.2	102.5	107.4
Bestway Global (3358)	25 June 2021	Consumer Discretionary	4.38	4,635.8	3.45	3.3	2.98	15.8	27.0	32.7	47.0
Clear Media Limited (100)	5 July 2021	Consumer Discretionary	7.12	3,856.9	7.12	N/A (Note 3)	N/A (Note 3)	0.0	0.0	N/A (Note 3)	N/A (Note 3)
Beijing Capital Land (2868)	9 July 2021	Properties & Construction	2.80	12,216.2	1.72	1.58	1.23	39.8	62.8	72.2	127.6
Nature Home Holding (2083)	27 July 2021	Consumer Discretionary	1.70	2,342.2	1.22	N/A (Note 3)	1.29	(5.4)	39.3	N/A (Note 3)	31.8
			Maximum					52.3	120.4	102.5	135.5
			Minimum					(7.0)	0.0	10.6	12.0
			Median					7.5	38.6	41.8	47.0
			Average					13.9	38.8	50.2	60.9
The Company			0.80	117.4 (Note 6)	0.52	0.831	1.122	(53.5)	53.9	(3.7)	(28.7)

Notes:

1. All the numerical figures in this column are rounded to two decimal place for illustrative purpose. Any discrepancies between the exact amount and those listed therein are due to rounding.

2. The calculation of implied market capitalisation is based on the cancellation price multiplied by the number of issued shares of the company as at the date of respective offer announcement of the Privatisation Precedents.

3. The premium/discount for respective consecutive trading days were not disclosed according to the respective offer announcements.

4. The cancellation price represents the proposed interim distribution of HK$2.00 per unit of New Century Real Estate Investment Trust as a result of the proposed disposal of assets, which forms part of the privatisation proposal of New Century Real Estate Investment Trust.

5. The cancellation price represents the enhanced share offer price of HK$54.30, which is subject to certain conditions. As at the Latest Practicable Date, the said conditions are fulfilled and the independent shareholders who tender their shares for acceptance was entitled to the enhanced share offer price of HK$54.30.

6. The calculation of implied market capitalisation is based on the Offer Price of HK$0.80 multiplied by the number of total issued 146,781,285 Lee Hing Shares as at the date of the Joint Announcement.

As shown in the table above, the Offer Price represents a premium of approximately 53.9% over the LTD Price of the Lee Hing Shares, which (i) falls within the range of those of the Privatisation Precedents; and (ii) is higher than the corresponding average and median of those of the Privatisation Precedents. We note that the offer prices of majority of the Privatisation Precedents were set at a significant premium over their respective LTD Price and the premium implied by the Offer Price to the LTD Price of Lee Hing Shares exceeds the average and median of those of the Privatisation Precedents, thus we consider the level of premium implied by the Offer Price to the LTD Price of Lee Hing Shares is reasonable.

With a view to explore the differentials of their share price movement at different periods prior to their corresponding last trading day, we also make reference to the 10-Day Price and 30-Day Price of the Lee Hing Shares and the shares of the company of the Privatisation Precedents. We observed that the LTD Price of the companies of the Privatisation Precedents was generally closed above their 30-Day Price and their LTD Price was on average higher than their 30-Day Price by approximately 13.9%, whereas the closing price of Lee Hing Shares exhibited a significant drop after the publication of the HKSE Decision Announcement. Thus, we consider that the fundamental outlook of the Lee Hing Shares has changed as a result of its potential delisting consequence and the impact has reflected in the LTD Price of the Lee Hing Shares. Upon comparison, the Offer Price represents discounts of approximately 3.7% and 28.7% to the 10-Day Price and 30-Day Price of Lee Hing Shares respectively. Such levels of discount for respective period (i) fall outside the range of those of the Privatisation Precedents; and (ii) fall below the average and median of those of the Privatisation Precedents. However, having considered that the 10-Day Price and 30-Day Price of Lee Hing Shares have not reflected the potential delisting status of Lee Hing Shares, we are of the view that (i) the levels of discount implied by the Offer Price for respective periods which fall below the average and median of those of the Privatisation Precedents is reasonable; and (ii) the results of comparison against the Privatisation Precedents under the 10-Day Price and 30-Day Price do not add much weighting on our analysis.

Moreover, we understand Rivera published an announcement in relation to decision of the Stock Exchange on Rule 13.24 and an announcement in relation to its privatisation proposal on a same day (i.e. 18 January 2021). Hence, the historical share price of Rivera, including its LTD Price, 10-Day Price and 30-Day Price, did not capture the potential delisting consequence as a result of the decision of the Stock Exchange on Rule 13.24. On the other hand, the Company published the HKSE Decision Announcement on 7 March 2021 and published the Joint Announcement on 27 August 2021. The trading of Lee Hing Shares has been suspended on 17 March 2021, which was 7 trading days after the publication of the HKSE Decision Announcement. Hence, the LTD Price of Lee Hing Shares reflected its potential delisting consequence as mentioned above. Therefore, we consider that a standalone comparison between the premium or discount implied by the Offer Price with those implied by the cancellation price of the Rivera's case may not be meaningful.

Based on above, we are of the view that the Offer Price is acceptable from the prospective of the Privatisation Precedent comparison.

7. The Share Alternative

For those Disinterested Shareholders opt for the Share Alternative, one Offeror Share will be allotted and issued, credited as fully paid, by the Offeror to the Disinterested Shareholders in respect of each Lee Hing Share owned by such Shareholders and validly tendered for acceptance under the Offer. The Offeror Shares to be issued under the Share Alternative will rank pari passu among themselves and with all Offeror Shares already in issue. The actual number of Offeror Shares to be issued under the Share Alternative will be determined after the latest time for election of the Cash Offer or the Share Alternative under the Offer, i.e. the Closing Date.

Under the Shareholders' Agreement, an exit will be sought following the PureCircle Exit Arrangements and a series of corporate activities, including but not limited to distribution of the Proceeds, production of the Audited Balance Sheet and making repurchase offer in respect of the Offeror Shares, will be conducted by the Offeror to facilitate the making of offer to repurchase in cash all of the Offeror Shares held by each shareholder of the Offeror. In particular, the Disinterested Shareholders are advised to carefully study associated risks in holding of the Offeror Shares by referring to (a) the sub-section headed "5. Reasons for and benefits of the Offer made by the Offeror — Business prospects of the Group" to this letter; (b) the section headed "Offeror Exit Arrangements" in the Letter from Kingkey Securities and relevant disclosure in the Explanatory Memorandum; (c) the amended articles of association of the Offeror available for inspection as a document on display at the time of despatch of the Composite Document if they are considering accepting the Share Alternative; and (d) this section.

(a) Valuation of the Offeror Shares

In assessing the fairness and reasonableness of the value of the Offeror Shares, we have considered and reviewed letter issued by INCU (the **"Estimate Letter"**) contained in Appendix IV to the Composite Document and discussed with INCU regarding the methodology of and the principal bases and assumptions adopted for the estimate of value of the Offeror Shares (the **"Estimate of Value"**). According to the Estimate Letter, the Estimate of Value would be a range of between HK$0.55 and HK$0.78 for each Offeror Share. The Disinterested Shareholders should be aware that it is expressed in the Estimate Letter that such estimated value is not necessarily indicative of, among others, the price at which Offeror Shares might actually trade at any future date.

We have reviewed and discussed with INCU the assumptions adopted, for the Estimate of Value as set out in Appendix IV to the Composite Document. The major assumptions adopted by INCU that (a) the Offer has become or has been declared unconditional in all respects and the Company is a subsidiary of the Offeror (with the Offeror holding not less than 70% of all the Lee Hing Shares in issue); (b) the Offeror Shares issued in connection with the Offer as at the Latest Practicable Date comprise the entire issued share capital of the Offeror and no person has any right to acquire or subscribe any share or loan capital of the Offeror other than the Offeror Shares issued in connection with the Offer; and (c) the Offeror was established for the sole purpose of the Offer and as such, we have assumed that immediately following the Offer becomes unconditional, the Offeror's turnover, profits, assets and liabilities (on a consolidated basis) will be the same as the Company, save for the shareholder's loan and any cash balance that may remain in the Offeror that was not required to finance the amount payable in cash to Shareholders under the Offer. In view that (i) the Estimate Letter sets out the Estimate of Value assuming the Offer has become or has been declared unconditional; (ii) the Offeror will be substantially the same as the Company in terms of turnover, profits, assets and liabilities; and (iii) the above major assumptions are consistent with the terms of the Offer, we are of the opinion that the above assumptions are fair and reasonable.

In determining the Estimate of Value, INCU has not taken into account any value derived from the Offeror Exit Arrangements as pursuant to the PureCircle Shareholders' Agreement, the fair value of the PureCircle Shares will be assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer. The PureCircle Shareholder's Agreement does not specify any basis on which Ingredion shall determine the fair value of the PureCircle Shares. Besides, in the event that (i) the Group decides not to sell any PureCircle Shares to Ingredion under the Annual Purchase Offers and not to exercise the Put Option and (ii) Ingredion decides not to exercise the Call Option, no Proceeds will be received by the Group as a result of which no repurchase offer under the Offeror Exit Arrangements will be made by the Offeror. Therefore, the Proceeds under the Offeror Exit Arrangements are highly uncertain and cannot be determined as at the date of the Composite Document. In the event no repurchase offer under the Offeror Exit Arrangements has been made by the Offeror as stated above, the value of the Offeror Exit Arrangements will be zero, on a prudent basis. Having considered that the exercise of Put Option is subject to numerous factors (including mainly, but not limited to, the financial performance of PureCircle and the book value of PureCircle Shares held by the Group) as mentioned in the sub-section headed (iii) Put Option and Call Option to the Letter from Kingkey, we are of the view that it is reasonable for INCU to not take into account any value derived from the Offeror Exit Arrangements when determining the Estimate of Value.

The table below sets out the implied consideration for every Lee Hing Share (a range of HK$0.55 to HK$0.78) calculated based on (i) the Share Alternative, whereby each Disinterested Shareholder is entitled to receive one Offeror Share; and (ii) the Estimate of Value extracted from the Estimate Letter contained in Appendix IV to the Composite Document:

	Scenario 1 (Acceptance level: 70%)		Scenario 2 (Acceptance level: 100%)	
	Assuming only the Offeror Concert Group who have undertaken to elect the Share Alternative elect the Share Alternative	Assuming all Shareholders who accept the Offer elect the Share Alternative	Assuming only the Offeror Concert Group who have undertaken to elect the Share Alternative elect the Share Alternative	Assuming all Shareholders elect the Share Alternative
(a) the estimated value of all of the outstanding Lee Hing Shares	HK$82,197,520	HK$82,197,520	HK$117,425,028	HK$117,425,028
(b) the shareholder's loan incurred by the Offeror	HK$54,000,000	HK$54,000,000	HK$54,000,000	HK$54,000,000
(c) any cash that may remain in the Offeror immediately following the Offer	HK$40,455,280	HK$52,000,000	HK$5,227,772	HK$52,000,000
Total value of the Offeror Shares	HK$68,652,800	HK$80,197,520	HK$68,652,800	HK$115,425,028
Number of Offeror Shares in issue immediately following the Offer	88,316,000	102,746,900	88,316,000	146,781,285
The top end of the Estimate of Value	HK$0.78	HK$0.78	HK$0.78	HK$0.78
The bottom end of the Estimate of Value (Assuming a 30% discount for non-marketability of the Offeror Shares)	HK$0.55	HK$0.55	HK$0.55	HK$0.55
	(equal to the top end of the Estimate of Value × (1 – 30%))		*(equal to the top end of the Estimate of Value × (1 – 30%))*	

As stated in the Estimate Letter, following the implementation of the Offer, the Offeror will not own any other assets or any other liabilities except for the Lee Hing Shares, the shareholder's loan for financing the Offer and the cash that may be remained in the Offeror immediately following the Offer. As a result, the estimated value of the Offeror Shares is equal to (a)–(b)+(c) as shown in above table. Besides, in deriving a value for (a) at the top end of the range, INCU has used a value of HK$0.78 per Lee Hing Share which is equivalent to the value per Lee Hing Share under the cash payment of the Offer after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date. Based on the Offeror's financing structure for the Offer, the shareholder's loan put in place amounts to approximately HK$54 million, being the value of (b). The exact value of the cash on hand immediately following the Offer is after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date and dependent on the level of acceptance of the Share Alternative and, as such, this range of values has been used in deriving a value for (c).

Based on above table, we note that the Estimate of Value has been derived under two scenarios, assuming the full amount of the shareholder's loan stated above is used to pay the aggregate cash payment of the Offer (if applicable) and before further fees and expenses of the Offeror incurred in connection with the Offer have been paid:

– under scenario 1 where only 70% of all the Lee Hing Shares have been received as valid acceptances under the Offer (i.e. the Offer becomes unconditional) and the Company becomes a non-wholly owned subsidiary of the Offeror:

  (i) if only the Offeror Concert Group who have undertaken, together with Mr. Tan, Zali Capital Limited and Zali International Limited, to elect the Share Alternative, and the remaining Shareholders (i.e. among 70% of the Shareholders who accept the Offer) elect the Cash Offer, the Offeror's cash on hand immediately following the Offer would be approximately HK$40.46 million after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date; or

  (ii) if all Shareholders (i.e. 70% in total) elect the Share Alternative, the Offeror's cash on hand would be approximately HK$52 million after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date.

– under scenario 2 where 100% of the Lee Hing Shares have been received as valid acceptances under the Offer and the Company becomes a wholly owned subsidiary of the Offeror:

  (i) if only the Offeror Concert Group who have undertaken, together with Mr. Tan, Zali Capital Limited and Zali International Limited, to elect the Share Alternative, and the remaining Shareholders elect the Cash Offer, the Offeror's cash on hand immediately following the Offer would be approximately HK$5.23 million after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date; or

  (ii) if all Shareholders (i.e. 100% in total) elect the Share Alternative, the Offeror's cash on hand would be approximately HK$52 million after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date.

As stated in the Estimate Letter, under all scenarios shown above, each of the Offeror Share has an estimated value of HK$0.78 at the top end of the range and an estimated value of HK$0.55 at the bottom end of the range. For all scenarios shown above, where a proportion of the Shareholders elect either of the Cash Offer or the Share Alternative or partly Cash Offer and partly Share Alternative, the Estimate of Value for each of the Offeror's Shares remain the same at HK$0.78 at the top end of the range, and an estimated value of HK$0.55 at the bottom end of the range.

We have discussed with INCU on the above calculation and understand that the top end value per Offeror Share under two scenarios resulted the same range of the Estimate of Value as the full amount of the shareholder's loan incurred by the Offeror shall be solely reserved and used for the payment the aggregate amount payable under the Cash Offer at the Offer Price of HK$0.8 per Lee Hing Share after deducting the fees and expenses incurred in connection with the Offer of approximately HK$2 million as at the Latest Practicable Date. The total value of the Offeror will change proportionally according to the level of acceptance of the Offeror's Share Alternative. Therefore, the top end value per Offeror Share in any circumstances in regard to any level of acceptance shall be the same as HK$0.78.

The main difference between the bottom end and the top end is the assumption on discount for lack of marketability which the bottom end applied a 30% discount on the Estimate of Value. We consider it is reasonable to apply discount to the value of an illiquid share in view of lack of marketability. According to the Estimate Letter, INCU has searched for the general offer/privatisation cases since 2016 which involved valuation of unlisted shares with a repurchase offer by the offeror. However, INCU could not identify any cases based on the aforementioned selection criteria. In this regard, INCU has revised the selection criteria to identify the following general offer/privatisation cases since 2016 which involved valuation of unlisted shares, and noted that a discount of 30% for lack of marketability/shareholders' rights was applied to derive the low-end value of the unlisted shares under the share alternative in the respective case:

Date of scheme/ composite document	Company (stock code)	Discount applied
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%
20 June 2019	China Power Clean Energy Development Ltd (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%

For our independent assessment on the reasonableness of applying a 30% discount on the bottom end of the Estimate of Value, we cross-checked the discount for lack of marketability, as suggested by the 2020 edition of Stout Restricted Stock Study, which is published by Stout Risius Ross, LLC (a global leading valuation advisory, investment banking, dispute consulting and management consulting firm founded in 1991). With reference to the Stout Restricted Stock Study, the research on the discount for lack of marketability was based on analysis of 759 private placement transactions of unregistered common stock, with and without registration rights, issued by publicly traded companies from July 1980 through December 2019. The discount was calculated by dividing the difference between the private placement price and the market reference price by the market reference price. The results of the discount for lack of marketability are categorised by the characteristics of companies, mainly including market value, revenues, total assets and net income. Larger companies tend to have lower discount for lack of marketability, whereas smaller companies tend to have higher discount for lack of marketability. Based on the latest financial of the Company, the applied discount rate for lack of marketability falls within the range of the median of the discount rate for lack of marketability between 26.1% and 43.1% under the categories of smaller companies according to the Stout Restricted Stock Study. Having considered that (i) the rate of 30% is commonly applied as the discount for lack of marketability in the above general offer/privatisation cases; and (ii) such rate of discount falls within the range of the categories according to the above study, we consider the rate of discount for lack of marketability adopted by INCU is justifiable.

Although the above general offer/privatisation cases are not taken into account the perspective of the Put Options under the Offeror Exit Arrangements, based on our research on the similar offer/privatisation cases of the companies listed on the Main Board on a best effort basis, we are of the view that (i) the general offer/privatisation case with repurchase offer similar to the Offeror Exit Arrangements is not common in public takeovers in Hong Kong; (ii) the general offer/privatisation cases which involved valuation of unlisted shares represent the cases most similar to the Offeror Shares which are also unlisted in nature; and (iii) the discount for lack of marketability adopted by INCU which falls within the range of the categories according to the Stout Restricted Stock Study represents a more conservative approach to factor in the illiquid characteristic of the Offeror Shares, we consider the discount of 30% adopted by INCU for the bottom end of the Estimate of Value in its estimates to be acceptable.

We understand that the Estimate of Value will remain unchanged regardless of the acceptance level of the Share Alternative. Based on the above, the methodology set out in the Estimate Letter in Appendix IV to the Composite Document is, in our opinion, a reasonable approach in establishing the Estimate of Value.

(b) Risk factors of opting the Share Alternative

The Disinterested Shareholders should note that the Offeror is not a listed company and there is no plan for a listing of the Offeror elsewhere after the implementation of the proposed privatisation, therefore the shareholders of the Offeror should note that they may find it more difficult to find a purchaser for the Offeror Shares if they intend to sell their Offeror Shares, as there is less likely a ready market for them. In addition, the shareholders of the Offeror are not afforded the protection currently given to Disinterested Shareholders under the Listing Rules, the constitution of the Offeror and the laws of the British Virgin Islands. We wish to draw the attention of the Disinterested Shareholders that after the implementation of the privatisation, certain transactions, including acquisition or disposal transactions of the Offeror, may not require the approval of the shareholders of the Offeror.

The Disinterested Shareholders should also note that there is no guarantee that any dividend policy will be implemented nor there is any dividend payment schedule in respect of the Offeror Shares. Payment of dividends (if any) is solely dependent on whether such payment is recommended or declared by the board of the Offeror.

The Disinterested Shareholders shall be aware that, as mentioned in the Letter from Kingkey Securities, under the Offeror Exit Arrangements, the Offeror will be obliged to offer to repurchase the shares in the Offeror held by the Entitled Shareholders. However, based on the timeline of the PureCircle Exit Arrangement, the repurchase offer in respect of the Offeror Share will be made in the first half of 2026. Therefore, from the perspective of the Disinterested Shareholders, the expected timespan for realisation of investment return on the Offeror Shares will be approximately five years from the Latest Practicable Date. In view of the five-year investment horizon under the Offeror Exit Arrangement, the Disinterested Shareholders should be reminded that there are chances that the global economy may suffer from dynamic fluctuation owing to uncertainty of the recoverability with regard to the current situation of COVID-19 pandemic or any other situations that may affect the global economy. As such, it may constitute some changes to the fundamental outlook of the Offeror and may restrain the Disinterested Shareholders from deploying their cash proceeds towards other investments.

The Disinterested Shareholders should note that the Company will take into account numerous factors (mainly including, but not limited to, the financial performance of PureCircle and the book value of PureCircle Shares held by the Group) to decide whether to exercise the Put Option, which is exercisable once annually during the period from 1 January 2022 and expiring on 31 December 2025, and how many PureCircle Shares to be put to Ingredion upon each exercise. In the event that (i) the Group decides not to sell any PureCircle Shares to Ingredion under the Annual Purchase Offers and not to exercise the Put Option and (ii) Ingredion decides not to exercise the Call Option, no Proceeds will be received by the Group as a result of which no repurchase offer under the Offeror Exit Arrangements will be made by the Offeror. The Disinterested Shareholders will therefore continue to remain as shareholders of the Offeror and the value of the Offeror Exit Arrangements will be zero, on a prudent basis.

Under the Offeror Exit Arrangements, the consideration for each Offeror Share to be repurchased will be equal to 70% of the proportional share of an Offeror Share of the consolidated net asset value of the Company as shown in the Audited Balance Sheet. The Disinterested Shareholders should note that the consolidated net asset value of the Company should comprise the Proceeds and the carrying amount of the assets owned by the Group as at the date of the Audited Balance Sheet.

In addition to the above, the Disinterested Shareholder shall also bear in mind that the major investments of the Company (i.e. PureCircle and IGB Berhad) may be subject to several risk factors, as discussed in the sub-section headed "5. Reasons for and benefits of the Offer made by the Offeror — Business prospects of the Group" to this letter.

RECOMMENDATIONS

Based on our analyses above and, in particular, having considered the following key factors (which should be read in conjunction with and interpreted in the full context of this letter):

(i) the unfavourable listing status of the Company due to non-compliance with Rule 13.24 of the Listing Rules, the continuous loss-making track record of the

Group and uncertainty of the Group's business prospect which is highly hinged on the future prospect of PureCircle and IGB Berhad;

(ii) the Offer Price represents a discount of approximately 50.5% to the average closing price for the Pre HKSE Decision Announcement Period of approximately HK$1.62, however the fundamental outlook of the Lee Hing Shares has been changed as the Lee Hing Shares would potentially lose its listing status, the market price of the Lee Hing Shares during the Post HKSE Decision Announcement Period could better incorporate the prevailing market sentiment and investors' expectation on Lee Hing Shares with respect to the potential delisting status of Lee Hing Share;

(iii) the Offer Price represents a premium of approximately 53.9% and approximately 18.1% over the closing price of HK$0.52 on the Last Trading Day and the average closing price of approximately HK$0.68 for the Post HKSE Decision Announcement Period respectively;

(iv) during the Review Period, the Lee Hing Shares have been traded at significant discounts to the NAV per Lee Hing Shares, while the Implied Discount of the Offer Price to the Adjusted NAV is approximately 68.2%, which is lower than the Historical Discount of the Lee Hing Shares to its NAV per Lee Hing Share during the Post HKSE Decision Announcement Period and as at 16 March 2021; and

(v) the premium implied by the Offer Price to the LTD Price of Lee Hing Shares exceeds the average and median of those of the Privatisation Precedents, thus the level of premium implied by the Offer Price to the LTD Price of Lee Hing Shares is reasonable,

we are of the opinion that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to accept the Offer.

In electing between the Cash Offer and the Share Alternative, the Disinterested Shareholders should note that the Estimate of Value of HK$0.78 (without taking into account the discount rate for lack of marketability of 30%) is slightly less than the Offer Price. The Cash Offer allows the Disinterested Shareholders to realise their investment in the Company and obtain cash outright, while the Share Alternative will enable the Disinterested Shareholders to remain as indirect shareholders in the Company and enjoy the potential upside of the Offeror Shares in the future but with uncertainty. Therefore, we recommend the Disinterested Shareholders to accept the Cash Offer.

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

In the event that the Offer does not become unconditional, as the trading suspension requirement of Rule 6.01(3) of the Listing Rules will continue to be effective. Accordingly, trading in the Shares remains suspended, the Disinterested Shareholder may continue to face obstacle to dispose of Lee Hing Shares. Furthermore, the Stock Exchange may cancel the listing of the Shares if the trading has been suspended for a continuous period of 18 months pursuant to Rule 6.01A(1) of the Listing Rules and there is currently no plan for the Company to seek a listing in the long run if the Company has been privatised or delisted on or before the expiration of the 18-month period, i.e. 16 September 2022.

In event that the Offer does become unconditional, for those Disinterested Shareholders who do not wish to accept either the Cash Offer or the Share Alternative should bear in mind that their Lee Hing Shares will be delisted, and they will not be able to enjoy the Offeror Exit Arrangements under the Shareholders' Agreement, except for the entitlement of the cash dividend which may be declared by the Company as a result of the receipt of all proceeds from Ingredion by the Group pursuant to the PureCircle Exit Arrangements, subject to uncertainties.

The Disinterested Shareholders who wish to retain some or all of their investments in the securities of the Company by accepting the Share Alternative, are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer period.

As different Disinterested Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Disinterested Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer or disposing any of their Shares in the open market. The Disinterested Shareholders should note that in making our recommendation, we express no opinion on the business strategy, the future performance of the Group and of its underlying businesses.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung
Managing Director

Louis Chan
Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.