



京基證券集團
KINGKEY SECURITIES GROUP

京基證券集團有限公司 KINGKEY SECURITIES GROUP LIMITED
京基金融國際(控股)有限公司 (香港交易所上市編號1468) 之全資附屬公司 A wholly-owned subsidiary of
KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED (HK Stock Code 1468)

香港灣仔港灣道1號會展廣場辦公大樓44樓
44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, HK
T: 3423 0000 | F: 3423 0099 | www.kksg.com.hk | kksg.info@kkgroup.com.hk

10 November 2021

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

On 27 August 2021, the Offeror and the Company jointly announced that the Board was informed by the Offeror on 5 July 2021 that we, on behalf of the Offeror, will make a voluntary conditional cash offer, with an alternative to receive shares in the Offeror, to acquire all the Lee Hing Shares.

This letter sets out, among other things, the principal terms of the Offer (including the Share Alternative), together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Disinterested Shareholders and the "Letter from the Independent Financial Adviser" to the Independent Board Committee as contained in this Composite Document.

THE OFFER

We, on behalf of the Offeror, are making a voluntary conditional cash offer, with an alternative to receive shares in the Offeror, to acquire all the Lee Hing Shares.

Irrevocable Undertakings

As at the Latest Practicable Date, the Offeror Concert Group (excluding the Offeror, which did not hold any Lee Hing Shares as at the Latest Practicable Date, Mr. Tan, Zali International Limited and Zali Capital Limited) in aggregate held 36,597,000 Lee Hing

Shares, representing approximately 24.93% of all the Lee Hing Shares then 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).

According to the terms of each Irrevocable Undertaking, the obligations thereunder of the person giving it shall, without prejudice to any prior breaches, lapse if: (a) the Joint Announcement is not released by such time and/or date as the Company and the Offeror may agree; (b) the Offeror publicly announces, before this Composite Document is published, that it does not intend to proceed with the Offer; or (c) the Offer has lapsed or been withdrawn and no new, revised or replacement Offer has been announced by the Offeror or its affiliates at the same time. However, pursuant to Rule 5 of the Takeovers Code, except with the consent of the Executive, the Offeror must proceed with the Offer once the Joint Announcement is published unless the acceptance condition of the Offer is not met, and pursuant to Rule 31.1 of the Takeovers Code, except with the consent of the Executive, no new, revised or replacement Offer may be announced by the Offeror or its affiliates at the same time when the Offer is withdrawn or lapses.

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 Latest Practicable Date held in aggregate 51,719,000 Lee Hing Shares, representing approximately 35.24% of all the Lee Hing Shares then in issue) will accept the Offer in respect of all the Lee Hing Shares held by each of them and opt for the Share Alternative.

The Offer Price and the Share Alternative

We are making the Offer, on behalf of the Offeror, in compliance with the Takeovers Code and on the terms set out in this Composite Document and the accompanying Form of Acceptance.

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 cash payment 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 its each of 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.

For the purpose of ensuring accuracy of the registered ownership of the Offeror Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the British Virgin Islands, a Shareholder may opt for the Share Alternative only in respect of such of its Lee Hing Shares as are registered in its own name on the register of members of the Company maintained by the Company's share registrar. Accordingly, where a Shareholder is holding all or part of its Lee Hing Shares via CCASS and wishes to accept the Offer and opt for the Share Alternative in respect of any of such Lee Hing Shares, such Shareholder must instruct its securities dealer/custodian banks to withdraw the relevant Lee Hing Shares from CCASS and arrange for the transfer of the relevant Lee Hing Shares into its own name as soon as possible before the relevant deadline for election, i.e. the Closing Date. In order to meet the relevant deadline, such Shareholder should check with its securities dealer/custodian bank for the timing on the processing of its instruction, and submit its instruction to its securities dealer/custodian bank as required by its securities dealer/custodian bank. If such Shareholder does not arrange to have the relevant Lee Hing Shares withdrawn from CCASS and transferred in its name as mentioned above, such Shareholder will only receive cash payment in respect of the relevant Lee Hing Shares tendered by it for acceptance.

Again, for the purpose of ensuring accuracy of the registered ownership of the Offeror Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the British Virgin Islands, a Shareholder opting for the Share Alternative in respect of any of its Lee Hing Shares registered in its name on the register of members of the Company must, in addition to a duly completed and executed Form of Acceptance and the certificate(s) for the Lee Hing Shares being tendered, also lodge the following documents (the "KYC Documents") to comply with the relevant anti-money laundering requirements of the British Virgin Islands (which shall be in English or

accompanied by an English translation which is certified as a true translation): (a) if the registered Shareholder is an individual, he/she must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which shall be issued within the last three months of the date of the acceptance); or (b) if the registered Shareholder is a corporation, it must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation, (ii) its registration certificate (where applicable); (iii) its constitutional document, (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its address proof; (vii) its organization chart (showing up to its ultimate beneficial owners holding 10% shareholding or more and any intermediate holding companies); (viii) for any of the intermediate holding companies as mentioned in item (b)(vii) above, items (b)(i) to (b)(vi) above of such intermediate holding company; and (ix) items (a)(i) to (a)(ii) above of each of its ultimate beneficial owners. The Offeror and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the British Virgin Islands.

Any Shareholder who accepts the Offer by returning the Form of Acceptance (a) opting both to receive cash payment and for the Share Alternative but has failed to indicate an allocation of its Lee Hing Shares between cash payment and the Share Alternative which corresponds to the total number of its Lee Hing Shares tendered for acceptance as indicated in the Form of Acceptance; or (b) but does not make an election as to cash payment and/or for the Share Alternative in respect of all of its Lee Hing Shares tendered for acceptance; or (c) opting for the Share Alternative but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by the Offeror, will be treated for the purposes of the election as opting to receive cash payment in respect of all the Lee Hing Shares registered in its name and tendered by it for acceptance.

The total actual number of Offeror Shares to be issued under the Share Alternative will be determined after the latest time for election of cash payment or the Share Alternative under the Offer, i.e. the Closing Date.

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 this Composite Document.

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

The Offeror Shares are shares of an unlisted company incorporated in British Virgin Islands. The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 18 May 2021 and set up solely for the purposes of implementation of the Offer and the intended privatisation. Its issued share capital comprises 100 Offeror Shares which are owned by Mr. Tan. As at the Latest Practicable Date, the assets of the Offeror mainly comprised cash in the sum of approximately HK\$52 million representing the balance of the cash advanced by Mr. Tan in the sum of approximately HK\$54 million 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 comprised the shareholder's loan from Mr. Tan for the Offer in the sum of approximately HK\$54 million. Further information of the Offeror are set out in the paragraph headed "Information on the Offeror" below.

Assuming all the Shareholders accept the Offer, the Company will be a wholly-owned subsidiary and the sole operating subsidiary of the Offeror and the value of each Offeror Share will primarily be determined by the value of the Offeror and the Company. As set out in Appendix IV to this Composite Document, after taking into account certain major assumptions, 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. However, such estimated value does not take into account, among other things, any financial projections of the Company for the year ended 31 December 2020 and beyond, and 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 and **the Proceeds under the Offeror Exit Arrangements are highly uncertain and cannot be determined as at the Latest Practicable Date**. Details of the estimate of value of each Offeror Share are set out in Appendix IV to this Composite Document.

The Shareholders should note that **the Offeror is a company incorporated in the British Virgin Islands and the holders of Offeror Shares (including those Shareholders who will be allotted and issued Offeror Shares under the Share Alternative) will enjoy the rights and benefits attaching to the Offeror Shares as afforded under the relevant laws of the British Virgin Islands and the memorandum and articles of association of the Offeror**. Given that there is no intention to seek a listing of the Offeror Shares on any stock exchange, the Offeror Shares will be relatively illiquid and the holders of Offeror Shares will not be protected by any rules and regulations of any stock exchange or securities regulatory authorities. Moreover, section 4.1 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that The Codes on Takeovers and Mergers and Share Buy-backs apply to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If, upon the close of the Offer, the Offeror is determined by the Executive to be a "public company in Hong Kong", the Offeror will be subject to The Codes on Takeovers and Mergers and Share Buy-backs.

Comparison of value

The Offer Price of HK\$0.80 represents:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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;
- (h) 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

- (i) a discount of approximately 68.2% to the Adjusted NAV (as defined in the section headed “Letter from the Independent Financial Adviser” in this Composite Document) 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 thereon in aggregate of approximately HK\$94,792,000, as calculated in the sub-section headed “Letter from the Independent Financial Adviser — 6. The Cash Offer — (c) Historical Discount of Lee Hing Shares to NAV per Lee Hing Share” in this Composite Document, 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.

Highest and lowest Lee Hing Share prices

During the six-month period from 17 September 2020 up to and including the Last Trading Day:

- (a) the highest closing price of the Lee Hing Shares quoted on the Stock Exchange was HK\$1.36 per Lee Hing Share on 17 September 2020; and
- (b) the lowest closing price of the Lee Hing Shares quoted on the Stock Exchange was HK\$0.52 per Lee Hing Share on 16 March 2021.

Value of the Offer

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to (and including) the close of the Offer and based on the Offer Price of HK\$0.80 per Lee Hing Share and 146,781,285 Lee Hing Shares in issue as at the Latest Practicable Date, the value of the Lee Hing Shares is HK\$117,425,028.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to (and including) the close of the Offer and that (a) the members of the Offeror Concert Group elect the Share Alternative and (b) all the Disinterested Shareholders elect to receive cash payment under the Offer, and based on 146,781,285 Lee Hing Shares in issue as at the Latest Practicable Date, 58,465,285 Lee Hing Shares are subject to the cash payment under the Offer. As such, based on the Offer Price of HK\$0.80 per Lee Hing Share, the amount of cash consideration payable under the Offer is HK\$46,772,228.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the cash consideration payable under the Offer by a shareholder's loan advanced to it by Mr. Tan. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the shareholder's loan from Mr. Tan will depend to any significant extent on the business of the Group.

INCU, being the financial adviser to the Offeror in relation to the Offer, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the cash consideration payable upon full acceptance of the Offer, assuming that none of the Disinterested Shareholders will opt for the Share Alternative and after taking into account the Irrevocable Undertakings and the Offeror's confirmation in writing to the Board that Mr. Tan, Zali International Limited and Zali Capital Limited (being members of the Offeror Concert Group) will accept the Offer in respect of all the Lee Hing Shares held by each of them and opt for the Share Alternative.

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 the 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 this Composite Document for the purpose of allowing the Offeror to acquire further Lee Hing Shares to entitle it to exercise its compulsory acquisition rights as further particularised in the paragraph headed "Compulsory acquisition rights and withdrawal from listing" below. 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.

Effect of accepting the Offer

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Lee Hing Shares sold by such person under the Offer are free from all Encumbrances and are sold together with all rights attaching to them, 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 this Composite Document.

Acceptance of the Offer will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code.

Stamp Duty

Sellers' and buyers' Hong Kong ad valorem stamp duty for the Lee Hing Shares arising in connection with the acceptances of the Offer will be borne solely by the Offeror.

Taxation Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Kingkey Securities, INCU, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Disinterested Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, there are 39 Overseas Disinterested Shareholders holding a total of 43,490,580 Lee Hing Shares (representing approximately 29.63% of the Lee Hing Shares in issue as at the Latest Practicable Date) with registered addresses in the Republic of Panama, Macau, Canada, the United Kingdom, the United States of America, Malaysia, the Philippines, France, Singapore and Australia.

The Offeror intends to make the Offer available to all Disinterested Shareholders, including those who are resident outside Hong Kong.

However, the Offer is in respect of securities of a company incorporated in Hong Kong and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Disinterested Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong may be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. After considering the legal advice obtained on behalf of the Offeror and the Company on the regulatory and documentation requirements of sending the Composite Document to each such overseas addresses, the Offeror and the Company may have to comply with unduly onerous or burdensome regulatory and documentary requirements in order to send the Composite Document to the overseas addresses of the Overseas Disinterested Shareholders in the United Kingdom and the United States of America, due to the legal requirements of those jurisdictions.

The Offeror has applied to the Executive for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code, and the consent has been granted by the Executive that the Composite Document will not be sent to the overseas addresses of the Overseas Disinterested Shareholders in the United Kingdom and the United States of America. For the avoidance of doubt, no Shareholder is excluded from the Offer. In case any of these Overseas Disinterested Shareholders in the United Kingdom and the United States of America validly accepts the Offer, it will receive the consideration wholly in cash only.

Overseas Disinterested Shareholders and beneficial owners of Lee Hing Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of Overseas Disinterested Shareholders and overseas beneficial owners of Lee Hing Shares who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Overseas Disinterested Shareholders and overseas beneficial owners of Lee Hing Shares will be deemed to constitute a representation and warranty from such Overseas Disinterested Shareholders or overseas beneficial owners of Lee Hing Shares, as applicable, to the Offeror that the local laws and requirements have been complied with. Overseas Disinterested Shareholders and overseas beneficial owners of Lee Hing Shares should consult their own professional advisers if in doubt.

Offeror Exit Arrangements

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 (the "**Offeror Exit Arrangements**"). The entering into of the Shareholders' Agreement is a condition of opting for the Share Alternative by the Shareholders. By signing the Form of Acceptance 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, the major assets of the Group comprised, among others, 36,746,277 ordinary B shares (the "**PureCircle Shares**") in PureCircle Limited (formerly known as Ingredient SRSS Holdings Limited) ("**PureCircle**"), an investment holding company of Ingredient Incorporated ("**Ingredient**") incorporated in England and Wales specifically for the purposes of the London Listco Privatisation, representing approximately 8.21% of the ordinary shares of PureCircle in issue. Based on the consolidated management accounts of the Company for the six months ended 30 June 2021, the PureCircle Shares held by the Group had a carrying value of approximately 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) and represented approximately 40.6% respectively of the total assets of the Group as at 30 June 2021.

The PureCircle Shares were acquired by the Group pursuant to a scheme of arrangement effected in 2020 for the privatisation (the “**London Listco Privatisation**”) by Ingredion of PureCircle Limited (“**London Listco**”), a company incorporated in Bermuda having the same name as PureCircle and whose issued shares were listed on the Main Market of the London Stock Exchange plc before the London Listco Privatisation. London Listco is a producer and innovator of stevia sweeteners for the global food and beverage industry. Ingredion is headquartered in the Chicago, Illinois metropolitan area and is a leading global ingredient solutions provider serving customers in more than 120 countries. Upon the conclusion of the London Listco Privatisation, London Listco became wholly owned by PureCircle. At the same time, Ingredion’s shareholding in PureCircle decreased from 100% to 75% upon the allotment and issue of new shares in PureCircle to the shareholders of the London Listco who elected to receive such new shares in exchange for their shares in the London Listco under the London Listco Privatisation. Further particulars of the London Listco Privatisation are set out in the section headed “Letter from the Board — The Scheme and the Acquisition” on pages 11 to 31 of the circular of the Company dated 23 July 2020.

(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

(i) *Annual Purchase Offer*

- annually with effect from 1 January 2022 and for three consecutive years thereafter (namely in total for a period of four years starting from 1 January 2022 and expiring on 31 December 2025), Ingredion shall notify the Minority Investors of the number of the shares of PureCircle it is willing to purchase that year, which will be equal to at least 6.25% of the total issued shares of PureCircle;
- Ingredion will be obliged to offer to buy such shares of PureCircle in accordance with the fair price mechanism set out in the PureCircle Shareholders' Agreement (namely, the fair value of the PureCircle Shares as assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer who will be required to apply the valuation methodology as mentioned in sub-paragraph (ii) (*Valuation Methodology*) below). The PureCircle Shareholders' Agreement does not specify any basis on which Ingredion shall determine the fair value of the PureCircle Shares;
- the number of PureCircle shares to be offered by Ingredion to purchase in each of those years under the Annual Purchase Offer shall be reduced by such number of PureCircle shares which has in that year (other than the year expiring on 31 December 2025 (Note)) been put to Ingredion in accordance with the Put Option; and

Note: The Directors believe that PureCircle Shares put to Ingredion upon exercise of the Put Option by the Minority Investors in the year expiring on 31 December 2025 is deliberately excluded from calculating the 6.25% minimum of PureCircle Shares which Ingredion is obliged to purchase from the Minority Investors for that year under the Annual Purchase Offer. In the year expiring on 31 December 2025, the Minority Investors may exercise the Put Option to require Ingredion to purchase any remaining PureCircle Shares held by the Minority Investors. In view of this mechanism which allows the Minority Investors (by exercising the Put Option) to put to Ingredion all the remaining PureCircle Shares held by them, it is not necessary to deduct the number of PureCircle Shares which may be put to Ingredion by the Minority Investors under the Put Option in that year from the 6.25% minimum of PureCircle Shares to be offered to buy by Ingredion from the Minority Investors for that year under the Annual Purchase Offer.

- each Minority Investor will have the right (but not the obligation) to sell to Ingredion its pro-rata percentage of the number of shares of PureCircle which Ingredion offers to purchase in the relevant year at the fair price determined by the fair price mechanism described above.

(ii) Valuation Methodology

The valuation methodology specified in the PureCircle Shareholders' Agreement to be applied by the independent valuer as mentioned above is that the "fair price" following referral to the independent valuer shall be the price in US\$ determined on discounted cash flows based on recent past performance of PureCircle and projected five year cash flows of PureCircle which the independent valuer determines to be the fair value of the shares of PureCircle (on a per share of PureCircle basis) as at the date of the relevant notice on a sale as between a willing seller and a willing purchaser (taking no account of whether the shares do or do not carry control of PureCircle or result in Ingredion having a greater level of control as a result of the acquisition of the shares) and, if PureCircle is then carrying on business as a going concern, on the assumption that it will continue to do so. The "relevant notice" referred to above means the relevant notice that may be served (as the case may be): (a) by Ingredion on the Minority Investors under the Annual Purchase Offer in the relevant year; (b) by Ingredion on the Minority Investors when and if Ingredion exercises the Call Option; or (c) by a Minority Investor on Ingredion when and if the Minority Investor exercises the Put Option.

(iii) Put Option and Call Option

The Put Option is exercisable during a period of four years starting from 1 January 2022 and expiring on 31 December 2025. During such period: (a) in each of the three consecutive years commencing on 1 January 2022 and expiring on 31 December 2024, the Minority Investors may exercise the Put Option to require Ingredion to purchase, in aggregate, 6.25% of the issued shares of PureCircle; and (b) in the year commencing on 1 January 2025 and expiring on 31 December 2025, the Minority Investors may exercise the Put Option to require Ingredion to purchase any remaining shares of PureCircle. The Company will take into account numerous factors (including mainly, 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.

After 1 July 2025, Ingredion will be able to exercise the Call Option to require each Minority Investor to sell to Ingredion any shares of PureCircle that the Minority Investor still owns.

The shares of PureCircle held by the Minority Investors shall be acquired under the Put Option and/or the Call Option in accordance with the fair price mechanism set out in the PureCircle Shareholders' Agreement (which shall be the fair value of the PureCircle Shares as assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer who will be required to apply the same valuation methodology as mentioned in sub-paragraph

(ii) (*Valuation methodology*) above). The PureCircle Shareholders' Agreement does not specify any basis on which Ingredion shall determine the fair value of the PureCircle Shares.

Further particulars of the PureCircle Shareholders' Agreement and the PureCircle Exit Arrangements are set out in the paragraph headed "Letter from the Board — The Scheme and the Acquisition — The Bidco Shareholders' Agreement" on pages 24 to 29 of the circular of the Company dated 23 July 2020.

(c) *How the Offeror Exit Arrangements work*

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:

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

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 this 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 made to the articles of association of the Offeror 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. 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.

COMPULSORY ACQUISITION RIGHTS AND WITHDRAWAL FROM LISTING

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 this 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 will be withdrawn pursuant to Rule 6.15(1) of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard.

The compulsory acquisition will be made on the terms of the Offer, including the consideration payable by the Offeror, the right of the relevant Disinterested Shareholders to elect either cash payment or the Share Alternative or both, and the requirement to provide the KYC Documents by the relevant Disinterested Shareholders who elect the Share Alternative. When and if the Offeror becomes entitled to compulsorily acquire the remaining Lee Hing Shares held by Disinterested Shareholders who have not accepted the Offer, the Offeror will give a written notice to the relevant Disinterested Shareholders that the Offeror desires to acquire the remaining Lee Hing Shares pursuant to section 693 of the Companies Ordinance. Pursuant to section 694(1) of the Companies Ordinance, the written notice must be in the specified form and given to the relevant Disinterested Shareholders before whichever is the earlier of (i) the end of 3 months beginning on the day after the close of the Offer or (ii) the end of 6 months beginning on the date of the Offer. Since a Shareholder may elect cash payment or the Share Alternative under the Offer, any of the relevant Disinterested Shareholders may within 2 months after the date of the written notice indicate his/her/its election by a letter to the Offeror at its address specified in the written notice. Where a relevant Disinterested Shareholder does not indicate his/her/its election within the prescribed 2-month period or at all, he/she/it will be deemed to have elected cash payment in respect of all of his/her/its Lee Hing Shares which are subject to the compulsory acquisition. Unless an order is made as referred to below, the Offeror is entitled and bound to acquire the relevant Lee Hing Shares on the terms of the Offer. The Offeror will then send to the Company a copy of the written notice given to the relevant Disinterested Shareholders and instruments of transfer of the

relevant Lee Hing Shares executed on behalf of the relevant Disinterested Shareholders by a person appointed by the Offeror for the Company to effect the transfer of the relevant Lee Hing Shares to the Offeror. Under section 695(3) of the Companies Ordinance, any of the relevant Disinterested Shareholders may, within 2 months after the date on which the written notice was given by the Offeror as mentioned above, apply to the Court of First Instance of the High Court of Hong Kong for an order that the Offeror is not entitled and bound to acquire the relevant Lee Hing Shares or the Offeror is entitled and bound to acquire the relevant Lee Hing Shares on the terms specified in the order. If a Disinterested Shareholder applies to the court pursuant to section 695(3) of the Companies Ordinance but the court eventually dismisses the application or otherwise does not rule in its favour, the Offeror shall pay the consideration for the Lee Hing Shares held by such Disinterested Shareholder as soon as practicable after the application for the court order has been disposed of. In the event that the court orders a higher consideration than the Offer Price be paid for each Lee Hing Share held by the Disinterested Shareholder upon its application made under section 695(3) of the Companies Ordinance, the Offeror will at the direction of the court: (i) pay all Shareholders from whom the Offeror will compulsorily acquire Lee Hing Shares such higher consideration for each Lee Hing Share acquired from such other Shareholders; and (ii) pay to all other Shareholders who have validly accepted the Offer the difference between such higher consideration and the Offer Price for each Lee Hing Share acquired from such other Shareholders.

For the Lee Hing Shares that may be acquired by the Offeror exercising its compulsory acquisition rights as mentioned above, the Offeror will settle the consideration at the Offer Price wholly in cash (unless, in respect of each Disinterested Shareholder (excluding the Overseas Disinterested Shareholders in the United Kingdom and the United States of America who will receive the consideration wholly in cash), he/she/it validly elects the Share Alternative). To each Disinterested Shareholder holding any Lee Hing Share(s) to which the compulsory acquisition applies (other than any such Disinterested Shareholder who cannot be found), subject to the production of the relevant documents of title or indemnity to the Company's satisfaction and (where applicable) the KYC Documents, consideration for such Lee Hing Shares will be settled by cheque to be posted (or, where applicable, share certificate(s) for Offeror Share(s)) by ordinary post as soon as possible but in any event within seven Business Days following the expiry of the two month period specified in section 696 of the Companies Ordinance which will commence from the date of giving of the written notice by the Offeror to such Disinterested Shareholder for acquiring its Lee Hing Shares served pursuant to section 693 of the Companies Ordinance. For any Disinterested Shareholder who cannot be found, the Offeror will pay the consideration it is entitled to receive to the Company who will hold it on trust for such Disinterested Shareholder in accordance with section 698 of the Companies Ordinance. Sellers' and buyers' Hong Kong ad valorem stamp duty for the Lee Hing Shares arising in connection with the compulsory acquisition of Lee Hing Shares by the Offeror as mentioned above will be borne solely by the Offeror.

Whilst it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Lee Hing Shares is dependent on the level of acceptance of the Offer reaching the prescribed level under Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance and on the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Lee Hing Shares

validly tendered for acceptance under the Offer are less than 90% of all the Lee Hing Shares or less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders, the Lee Hing Shares will remain listed on the Main Board of 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.

INFORMATION ON 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.

Your attention is also drawn to the information on the Group set out in the paragraph headed “Letter from the Board — Information on the Group” and Appendix V to this Composite Document.

INFORMATION ON 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 comprised 100 Offeror Shares which were 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). 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 comprised cash in the sum of approximately HK\$52 million representing the balance of the cash advanced by Mr. Tan in the sum of approximately HK\$54 million 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 comprised the shareholder’s loan from Mr. Tan for the Offer in the sum of approximately HK\$54 million.

As at the Latest Practicable Date:

- (a) Mr. Tan was the chairman of the Company, an executive Director and a Shareholder holding directly and indirectly an aggregate of 51,719,000 Lee Hing Shares, representing approximately 35.23% of all Lee Hing Shares then in issue; and
- (b) Mr. Tan and parties acting in concert with him (other than any member of the Group) held an aggregate of 7,045,616 shares in PureCircle, representing approximately 1.57% of all shares of PureCircle in issue as at the Latest Practicable Date.

SHAREHOLDING STRUCTURE OF THE OFFEROR

The following table sets out the shareholding structure of the Offeror (i) as at the Latest Practicable Date; (ii) immediately after completion of the Offer (assuming that all Shareholders opt for the Share Alternative under the Offer); and (iii) immediately after completion of the Offer (assuming that only the members of the Offeror Concert Group (excluding the Offeror) opt for the Share Alternative under the Offer):

	As at the Latest Practicable Date		Immediately after completion of the Offer (assuming that all Shareholders opt for the Share Alternative under the Offer)		Immediately after completion of the Offer (assuming that only the members of the Offeror Concert Group (excluding the Offeror) opt for the Share Alternative under the Offer)	
	Number of Offeror Shares	Approximate %	Number of Offeror Shares	Approximate %	Number of Offeror Shares	Approximate %
<i>Offeror Concert Group (excluding the Offeror):</i>						
Mr. Tan	100	100.00	1,479,000	1.00	1,479,000	1.67
Wah Seong Enterprises Sdn. Bhd. (Note 1)	-	-	2,100,000	1.43	2,100,000	2.38
Zali International Limited (Note 2)	-	-	14,386,000	9.80	14,386,000	16.29
Zali Capital Limited (Note 2)	-	-	35,854,000	24.43	35,854,000	40.60
Ms. Connie Cheng Wai Ka (Note 3)	-	-	10,000	0.01	10,000	0.01
Ms. Tan Mei Sian (Note 4)	-	-	1,490,500	1.02	1,490,500	1.69
Mr. Tan Yee Seng (Note 4)	-	-	1,490,500	1.02	1,490,500	1.69
Petaling Garden (Note 5)	-	-	29,006,000	19.76	29,006,000	32.84
TKY Sdn. Bhd. (Note 6)	-	-	2,500,000	1.70	2,500,000	2.83
sub-total:	100	100.00	88,316,000	60.17	88,316,000	100.00
Public Shareholders	-	-	58,465,285	39.83	-	-
	100	100.00	146,781,285	100.00	88,316,000	100.00

Notes:

- Each of Tan Chin Nam Sdn. Bhd. and TKY Sdn. Bhd. is an ultimate controlling shareholder of Wah Seong Enterprises Sdn. Bhd., ultimately holding approximately 34.56% and 42.51% of all the shares of Wah Seong Enterprises Sdn. Bhd. in issue respectively. Tan Chin Nam Sdn. Bhd. is controlled by the children of the late Mr. Tan Chin Nam, who was the father of Mr. Tan, whereas TKY Sdn. Bhd. is held by the family members of the late Mr. Tan Kim Yeow, who was an uncle of Mr. Tan. The remaining approximately 22.93% of all the shares of Wah Seong Enterprises Sdn. Bhd. in issue are ultimately held as to approximately 0.20% by Mr. Tan, as to approximately 1.20% by the wife of the late Mr. Tan Kim Yeow and as to approximately 21.53% by a number of independent investors, none of whom ultimately holds more than approximately 2%.

2. Each of Zali International Limited and Zali Capital Limited is ultimately beneficially 100% owned by Mr. Tan.
3. Ms. Connie Cheng Wai Ka is the wife of Mr. Tan.
4. Ms. Tan Mei Sian and Mr. Tan Yee Seng are children of Mr. Tan.
5. To the best knowledge, belief and information of the Company having made all reasonable enquiries, Petaling Garden is ultimately controlled by the late Mr. Ang Guan Seng's immediate family members and their respective associates (as defined in the Listing Rules) and parties acting in concert with any of them. Save and except that (a) the late Mr. Ang Guan Seng and the late Mr. Tan Chin Nam, who was the father of Mr. Tan, were business partners and (b) Petaling Garden was holding Lee Hing Shares as at the Latest Practicable Date, the late Mr. Ang Guan Seng's immediate family members have no relationship with the Offeror.
6. TKY Sdn. Bhd. is held by the family members of the late Mr. Tan Kim Yeow, who was an uncle of Mr. Tan.

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 this 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.

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.

REASONS FOR, AND THE BENEFITS OF, THE OFFER MADE BY THE OFFEROR

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.

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. As a result of the COVID-19 pandemic, a lot of businesses have been materially adversely affected in terms of turnover and prospects. Therefore, based on an assessment by the Board having regard to, among others, the prevailing global economic environment, the uncertainties in the operation of businesses posed by the pandemic, the financial position of the Group and the funding need for the acquisition, the Group is facing tremendous challenges in identifying and acquiring a suitable business which is able to meet the relevant requirements of the Listing Rules and completing the acquisition of such business for the purpose of re-complying with Rule 13.24 of the Listing Rules within the 18-month period starting from the date on which the suspension of trading in the Lee Hing Shares commenced. On the other hand, the Stock Exchange is of the view that the securities trading business of the Company, which contributed to approximately 93.80% of the revenue and income of the Group for the year ended 31 December 2020, shall be excluded for the purpose of assessing compliance with Rule 13.24(1) of the Listing Rules. As such, the only alternative for the Company to re-comply with Rule 13.24 of the Listing Rules is to acquire a business which can meet the new listing requirements set out in Chapter 8 of the Listing Rules. 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 light of the uncertainty of re-complying with Rule 13.24 of the Listing Rules on or before the expiration of the 18-month period, i.e. by 16 September 2022, it is the belief of the Offeror and Mr. Tan that the Offer is an exit arrangement to the Disinterested Shareholders prior to the expiration of the 18-month period which provides such Shareholders an opportunity either (a) to realise their investment in the Company before the delisting of the Company or (b) to continue as shareholders of the Offeror through opting for the Share Alternative to enjoy any future increase in value of the Offeror Shares. **For the avoidance of doubt, if the Offer becomes unconditional but the thresholds for the exercise of the compulsory acquisition rights to which the Offeror may be entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance are not reached, those Disinterested Shareholders who do not accept the Offer will remain as shareholders of the Company which will become a**

non-wholly owned subsidiary of the Offeror (with the Offeror holding not less than 70% of its shareholding) upon completion of the Offer (on the basis that the members of the Offeror Concert Group (excluding the Offeror) accept the Offer) and will not be able to enjoy the benefits of the Offeror Exit Arrangements but will remain entitled to any Proceeds which the Company may distribute by way of dividend according to their then shareholding percentage in the Company. Furthermore, there is currently no plan for the Company to seek a new listing on any stock exchange in the foreseeable future if the Company has been privatised or delisted on or before the expiration of the 18-month period, i.e. 16 September 2022.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Shareholders, those Shareholders who hold the Lee Hing Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Lee Hing Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with it, the Company, Kingkey Securities, INCU, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the “Letter from the Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Kingkey Securities Group Limited

A handwritten signature in black ink, appearing to be 'Anthony Au', written in a cursive style.

Anthony Au
Executive Director