

10 November 2021

The Director
Lee Hing (2021) Limited (formerly known as Classic Prestige Limited)
Vistra Corporate Services Centre
Wickhams Cay II, Road Town
Tortola, VG1110
British Virgin Islands

**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**

ESTIMATE OF VALUE OF OFFEROR SHARES

Dear Sirs,

We refer to the document of even date jointly issued by Lee Hing Development Limited and Lee Hing (2021) Limited (formerly known as Classic Prestige Limited) (the “**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the Composite Document.

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of value of the Offeror Shares (the “**Estimate of Value**”). Under the Offer, the Shareholders may elect (i) wholly to receive cash of HK\$0.80 for every Lee Hing Share; or (ii) wholly to receive 1 Offeror Share for every Lee Hing Share held; or (iii) partly to receive cash payment and partly to receive Offeror Shares under the Share Alternative. The Offeror Shares are unlisted and there is therefore no reference for a publicly traded price.

PURPOSE

The Estimate of Value has been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasized that the Estimate of Value contained herein is an estimated value of each Offeror Share based on certain assumptions and therefore does not necessarily reflect the actual value of Offeror Shares. This letter is not

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addressed to any third party and the contents of it may not be relied upon by any third party for any purpose whatsoever; and INCU expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Composite Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to INCU be made, without our prior written consent or unless otherwise required under the Takeovers Code.

This letter sets out an Estimate of Value of each Offeror Share assuming the Offer has become or has been declared unconditional and such share is in issue as at the date of this letter.

The Estimate of Value does not represent the value that a holder of an Offeror Share may realise on any future sale – and such a value may be higher or lower than the figure in this letter. INCU assumes no obligation to reaffirm, update or revise the Estimate of Value based upon circumstances or events occurring after the date hereof. Additionally, the Estimate of Value is based on the announced value of HK\$0.80 per Lee Hing Share under the Offer, on which INCU expresses no opinion and gives no representation.

In providing the Estimate of Value, INCU expresses no opinion and makes no recommendation to any person as to whether they should accept the Offer or whether they should make any election to choose cash payment or the Share Alternative. Further, INCU expresses no opinion as to the fairness of the amount of the cash payment and/or the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Offer.

ASSUMPTIONS

For the purposes of our analysis, we have made the following major assumptions:

- (i) There exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- (ii) As at the date of this letter, 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);
- (iii) The Offeror Shares that may be issued in connection with the Offer, together with the 100 Offeror Shares held by Mr. Tan and the Offeror Shares to be issued due to compulsory acquisition comprised the entire issued share capital of the Offeror as at the Latest Practicable Date and no person has any right to acquire or subscribe for any share or loan capital of the Offeror. Such shares have been issued pursuant to the terms of the Offer free from all encumbrances, credited as fully-paid, non-assessable, and ranking pari passu with all issued shares in the Offeror, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;

- (iv) 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;
- (v) There is no change to the issued share capital of the Company from the date of the Joint Announcement up to and including the close of Offer;
- (vi) Any shares in the issued share capital of the Company received by the Offeror under the Offer have been received free from all liens, options and third-party rights and together with the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of this letter;
- (vii) No dividend or other distribution (whether in cash or in kind) shall be declared, made or paid by the Company to the Shareholders between the date of the Joint Announcement and the Closing Date, and any further dividend or distribution shall be subject to the approval of the Board;
- (viii) The Offeror and the Company exist on a continuing basis;
- (ix) The Offeror Shares are unlisted and valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability and the rights of the shareholders of the Offeror and no methodological analysis can be undertaken for the purposes of estimating such a discount, for the purposes of calculating our range of Estimate of Value we have assumed a range of discounts of 0-30% to an equivalent listed security to reflect, among other things, the lack of marketability and such shareholders' rights. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation and general offer precedents in Hong Kong which involves unlisted offeror shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted offeror shares. In evaluating the level of discount applied, we have searched for the general offer/privatisation cases since 2016 which involved valuation of unlisted shares with a repurchase offer by the offeror. However, we could not identify any cases based on the aforementioned selection criteria. In this regard, we have revised the selection criteria to identify 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 which we consider it fair and reasonable.

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%

- (x) We have relied on and assumed, without independent verification, the accuracy and completeness of the information reviewed by us (including but not limited to the management accounts of the Offeror as of the Latest Practicable Date, which specify the amount of cash, assets, indebtedness and liabilities that are expected to remain in the Offeror immediately following the Offer) for the purposes of the Estimate of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. We have not made any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. The Estimate of Value is necessarily based on financial, economic, market, regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimate of Value contained in this letter;
- (xi) The taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders;
- (xii) The Offeror will pay HK\$0.80 per Lee Hing Share to every Shareholder selecting the cash payment; and
- (xiii) The Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the Company's annual report comprising its audited consolidated accounts for the financial year ended 31 December 2020 which was published on 19 April 2021 and its interim report comprising its unaudited consolidated accounts for the six months ended 30 June 2021 and which were published on 19 August 2021 (the "Last Accounts"); Neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business.

METHODOLOGY

In our Estimate of Value, we derive ranges of value for Offeror Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights.

The estimated value of the Offeror Shares is equal to the total estimated value of the Lee Hing Shares (including any cash balance that may remain in the Offeror). As such, at the top end of our range, the total value of the Offeror Shares is assumed to be calculated as:

$$(a) - (b) + (c)$$

Where (a), (b) and (c) are defined as follows:

- (a) the estimated value of all of the outstanding Lee Hing Shares, which represents the value of the Lee Hing Shares that the Offeror will own (calculated by multiplying cash payment HK\$0.80 per Lee Hing Shares by number of Lee Hing Shares to be received under the Offer);
- (b) the shareholder's loan incurred by the Offeror for making the Offer; and
- (c) any cash that may remain in the Offeror immediately following the Offer.

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 remain in the Offeror immediately following the Offer. As a result, the estimated value of the Offeror Shares is equal to $(a) - (b) + (c)$.

In deriving a value for (a) at the top end of the range, we have used a value of HK\$0.80 per Lee Hing Share which is equivalent to the value per Lee Hing Share under the cash payment of the Offer. 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).

It is currently estimated that: (i) under scenario 1 where the Offer becomes unconditional (i.e. the Offeror received 70% valid acceptance), and only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share Alternative and the remaining Shareholders (i.e. among 70% of the Shareholders who accept the Offer) elect cash payment, 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; and (ii) under scenario 2 where the Offeror received all 100% of valid acceptance, and only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share

Alternative and the remaining Shareholders elect cash payment, the Offeror's cash on hand immediately following the Offer would be approximately HK\$5 million, after deducting the fees and expenses incurred in connection with the Offer of approximately HK\$2 million as at the Latest Practicable Date; and (iii) under both scenario 1 and scenario 2 where all 70% or all 100% Shareholders 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, assuming the full amount of the shareholder's loan stated above is used to pay the aggregate cash payment of the Offer and before further fees and expenses of the Offeror incurred in connection with the Offer have been paid. The exact value of the cash on hand immediately following the Offer is 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).

As stated above, we have derived the lower end of the range for the estimate of value for each Offeror Share, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders' rights, of an unlisted share.

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the Offeror Shares might actually trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of an Offeror Share to a third party; or (iii) the amount that might be realized by a holder of an Offeror Share on liquidation of the Offeror. Our Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of the Offeror and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of an Offeror Share will not be higher or lower than the Estimate of Value.

Scenario 1: 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) Assuming only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share Alternative:

At the top end of the range, we derive our value of the Offeror Shares as follows:

- (a) is equal to approximately HK\$82,197,520 which is the estimated value of 70% of the outstanding Lee Hing Shares (calculated by multiplying the cash payment of HK\$0.80 per Lee Hing Share by 102,746,900 Lee Hing Shares (i.e. 70% of the Lee Hing Shares as at the Latest Practicable Date of 146,781,285);

(b) is equal to approximately HK\$54,000,000; and

(c) is equal to approximately HK\$40,455,280.

This implies a total value of Offeror Shares of approximately HK\$68,652,800. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 100 shares plus 88,315,900 Offeror Shares to be issued, this implies a value per Offeror Share of HK\$0.78 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming 30% discount of non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.55 at the bottom end of the range.

(ii) Assuming all Shareholders (i.e. 70% in total) elect the Share Alternative:

At the top end of the range, we derive our value of the Offeror Shares as follows:

(a) is equal to approximately HK\$82,197,520 which is the estimated value of all of the outstanding Lee Hing Shares (calculated by multiplying the cash payment of HK\$0.80 per Lee Hing Share by 102,746,900 Lee Hing Shares (i.e. 70% of the Lee Hing Shares as at the Latest Practicable Date of 146,781,285);

(b) is equal to approximately HK\$54,000,000; and

(c) is equal to approximately HK\$52,000,000.

This implies a total value of Offeror Shares of approximately HK\$80,197,520. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 100 shares plus 102,746,800 Offeror Shares to be issued, this implies a value per Offeror Share of HK\$0.78 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming 30% discount of non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.55 at the bottom end of the range.

Scenario 2: 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) Assuming only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share Alternative:

At the top end of the range, we derive our value of the Offeror Shares as follows:

- (a) is equal to approximately HK\$117,425,028 which is the estimated value of all of the outstanding Lee Hing Shares (calculated by multiplying the cash payment of HK\$0.80 per Lee Hing Share by the number of Lee Hing Shares as at the Latest Practicable Date of 146,781,285);
- (b) is equal to approximately HK\$54,000,000; and
- (c) is equal to approximately HK\$5,227,772.

This implies a total value of Offeror Shares of approximately HK\$68,652,800. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 100 shares plus 88,315,900 Offeror Shares to be issued, this implies a value per Offeror Share of HK\$0.78 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming 30% discount of non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.55 at the bottom end of the range.

- (ii) Assuming all Shareholders elect the Share Alternative:

At the top end of the range, we derive our value of the Offeror Shares as follows:

- (a) is equal to approximately HK\$117,425,028 which is the estimated value of all of the outstanding Lee Hing Shares (calculated by multiplying the cash payment of HK\$0.80 per Lee Hing Share by the number of Lee Hing Shares as at the Latest Practicable Date of 146,781,285);
- (b) is equal to approximately HK\$54,000,000; and
- (c) is equal to approximately HK\$52,000,000.

This implies a total value of Offeror Shares of approximately HK\$115,425,028. Based on the number of Offeror Shares in issue as at the Latest Practicable Date of 100 shares plus 146,781,185 Offeror Shares to be issued, this implies a value per Offeror Share of HK\$0.78 at the top end of the range.

At the bottom end of the range, we derive our value of the Offeror Shares as follows:

Assuming 30% discount of non-marketability of the Offeror Shares, this implies a value per Offeror Share of HK\$0.55 at the bottom end of the range.

	Scenario 1 (Acceptance level: 70%)		Scenario 2 (Acceptance level: 100%)	
	Assuming only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, 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, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share Alternative	Assuming all Shareholders elect the Share Alternative
(a) the estimated value of all of the outstanding 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 (<i>Note</i>)	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
Top end value per Offeror Share	HK\$0.78	HK\$0.78	HK\$0.78	HK\$0.78
Bottom end value per Offeror Share (Assuming a 30% discount for non-marketability of the Offeror Shares)	HK\$0.55	HK\$0.55	HK\$0.55	HK\$0.55

Note: The remaining balance of cash in the Offeror will be used to repay the shareholder's loan incurred by the Offeror in the same amount. Such repayment will not bring any effect in the value of the Offeror Shares.

Under both scenarios shown above where only the Offeror Concert Group who have undertaken to elect the Share Alternative, together with Mr. Tan, Zali Capital Limited and Zali International Limited, elect the Share Alternative or all Shareholders elect the Share Alternative, each of the Offeror Shares 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 in between the two shown above, where a proportion of the Shareholders elect

either of the cash payment or the Share Alternative or partly cash payment 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.

In determining the Estimate of Value, we have not taken into account, among other things, any financial projections of the Company for the year ended 31 December 2020 and beyond. Moreover, we have 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 this letter. 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.

No account has been taken of any potential transaction costs that a holder of the Lee Hing Shares or may incur in regard to accepting the Offer, or in any attempted or actual sale of Offeror Shares.

No account has been taken of any potential transaction costs that a holder of Offeror Shares may incur, or any potential costs that might be associated with a sale of the Offeror to a third party or a liquidation of the Offeror, which might be expected to reduce any return to a holder of an Offeror Share upon the occurrence of such an event.

We have produced the Estimate of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above.

ESTIMATE OF VALUE

On the basis of the above assumptions and methodology adopted by us and subject to the foregoing, the Estimate of Value as defined in this letter is within a range of HK\$0.55 to HK\$0.78 for each Offeror Share. This Estimate of Value does not represent a formal opinion of the value of an Offeror Share or a Lee Hing Share by INCU.

Under the Share Alternative, each Shareholder is entitled to receive 1 Offeror Share for every Lee Hing Share held. This implies a value of approximately HK\$0.55 to HK\$0.78 for each Offeror Share.

GENERAL

INCU is acting as the financial adviser to the Offeror in relation to the Offer and no one else in connection with the Offer. INCU will not be responsible to anyone other than the Offeror for providing advice in relation to the Offer, the contents of the Composite Document or any other matters referred to in the Composite Document.

Shareholders are urged to read carefully all the information contained in the Composite Document.

The value of an Offeror Share may be impacted by the factors described in this letter.

Further, in providing the Estimate of Value, INCU expresses no opinion or recommendation to any person as to whether they should accept the Offer or whether they should make any election to choose the cash payment or the Share Alternative. Shareholders are recommended to seek their own independent financial advice. Further, INCU expresses no opinion as to the fairness of the amount of the cash payment and/or the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Offer.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited



Gina Leung
Managing Director