

## DEED OF IRREVOCABLE UNDERTAKING

To: Classic Prestige Limited (“Offeror”)  
Vistra Corporate Services Centre,  
Wickhams Cay II, Road Town,  
Tortola, VG1110  
British Virgin Islands

5 July 2021

Dear Sirs,

### Offer for Lee Hing Development Limited (“Lee Hing”) by Offeror

We understand that Offeror intends to make a conditional voluntary general offer to acquire the entire issued ordinary shares of Lee Hing other than those held by the Offeror and its parties acting in concert, for cash (“Cash Offer”) or shares in Offeror (“Share Alternative”, together with the Cash Offer, the “Offers”) substantially on the terms and conditions set out or referred to in the draft announcement attached to this deed (the “Rule 3.5 Announcement”), together with such additional terms and conditions as may be required to comply with any applicable law and regulation or as may be agreed in writing between Offeror and Lee Hing.

We also understand that the Offers will be extended and conditional upon Offeror and parties acting in concert with it being interested in no less than 90% of the shares of Lee Hing subject to the Offers, the Offeror will exercise the compulsory acquisition rights to privatise Lee Hing pursuant to Rule 2.11 of The Code on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”).

We irrevocably and (save as expressly set out below) unconditionally represent, warrant and undertake to Offeror that:

#### 1. Interests in Shares

- 1.1 We are the beneficial owner of (or are otherwise able to control the exercise of all rights, including voting rights, attaching to, and the ability to procure the transfer of), and/or the registered holder of, the number of ordinary shares of the capital of Lee Hing set out in Schedule 1 to this deed (the “Shares”, which expression shall include any other shares in Lee Hing issued or transferred to us after the date hereof and/or attributable to or derived from such shares).
- 1.2 We are not interested in any shares or other securities of Lee Hing other than the Shares.
- 1.3 We are able to transfer the Shares free from all liens, equities, charges, encumbrances, options, rights of pre-emption, and any other third party rights and interests of any nature.
- 1.4 We have full power and authority and the right (free from any legal or other restrictions), and will at all times, continue to have, all relevant power, authority and the right to enter into and perform our obligations under this deed in accordance with its terms.

#### 2. Dealings in Shares

- 2.1 We shall 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 Shares or interest in the Shares except under the acquisition, or accept any other offer in respect of all or any of the Shares or any other interest in any of the Shares.

- 2.2 If we acquire any interest in shares or securities of Lee Hing, such interest shall be deemed to be included in the expression “Shares” for the purpose of this deed.
- 2.3 We shall not enter into any agreement or arrangement or incur any obligation (or permit such circumstances to occur):
- (a) in relation to, or operating by reference to, shares or other securities of Lee Hing; or
  - (b) which would or would reasonably be expected to restrict or impede our ability to comply with this deed (including, without limitation, paragraphs 3.1 in the context of the Share Alternative),

and references in this sub-paragraph 2.3 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not subject to any conditions or which is to take effect upon or following the acquisition becoming effective or lapsing, or upon or following this deed ceasing to be binding, or upon or following any other event.

### **3. The Offers**

- 3.1 We shall, as soon as possible and in any event not later than the latest date for acceptance of the Offers as stipulated in the formal document containing the Offers (the “**Offer Document**”) duly accept (or procure the acceptance of) the Offers in respect of the Shares in accordance with its terms (including to make, or procure the making of, an election for the Share Alternative in respect of the Shares) and, in respect of any Shares held in certificated form, shall forward the relevant share certificate(s) to Offeror or its nominated representative (and/or a form of indemnity acceptable to Offeror in respect of any lost shares certificate(s) at the time of acceptance) and, in respect of any Shares held in uncertificated form, shall take any action which may be reasonably required by Offeror or its nominated representative. For the avoidance of doubt, we shall elect only for the Share Alternative in respect of the Shares, and not the Cash Offer.
- 3.2 Notwithstanding that the terms of the Offer Document will confer rights of withdrawal on accepting Lee Hing shareholders, we shall not withdraw or procure the withdrawal of any acceptance of the Offers in respect of the Shares and shall procure that no rights to withdraw any acceptance in respect of the Shares are exercised.
- 3.3 We shall transfer (or procure the transfer of) the Shares fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now and hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends of any nature and other distributions (if any) hereafter declared, made or paid.
- 3.4 If so required by Offeror, we shall execute all such other documents as may be reasonably necessary for the purpose of giving Offeror the full benefit of our obligations set out in this deed with respect to the Offers (including, for the avoidance of doubt, election for the Share Alternative in respect of the Shares).

### **4. Information and documentation**

- 4.1 We shall promptly provide such information relating to us as required to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Takeovers Code, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and any other legal or regulatory requirements.

- 4.2 We shall promptly after becoming aware of the same, notify Offeror in writing of any material change in the accuracy or import of any information about ourselves previously supplied to Offeror by us.
- 4.3 We consent to the inclusion of references to us and the provisions of this deed in the Rule 3.5 Announcement, the Offer Document and any document in connection with the acquisition that is required by any legal or regulatory requirements.
- 4.4 We understand and agree that particulars of this deed and disclosable holdings of, and dealings in, relevant securities of Lee Hing and Offeror may need to be publicly disclosed and may also be contained in the Offer Document and that copies of this deed may be available for inspection until the Offers are closed.

## 5. Termination

All of our obligations under this deed shall, without prejudice to any prior breaches, lapse if:

- (a) the Rule 3.5 Announcement is not released by such time and/or date as Lee Hing and Offeror may agree;
- (b) Offeror publicly announces, before the Offers Document is published, that it does not intend to proceed with the Offers; or
- (c) the Offers have lapsed or been withdrawn and no new, revised or replacement Offers has been announced by Offeror or its affiliates at the same time.

## 6. General

- 6.1 Any date, time or period referred to in this deed shall be of the essence except to the extent to which Offeror and we agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- 6.2 This deed shall be binding on our successors and assigns.
- 6.3 With regard to any of the Shares not registered in our name, the confirmations, warranties and undertakings contained in this deed are given by us on behalf of the registered holder(s) and we undertake to ensure the compliance by such person(s) with those confirmations, warranties and undertakings.
- 6.4 In this deed, references to:
- (a) “**Interests**” in security shall have the meaning given to such term in the Takeovers Code;
  - (b) time are to Hong Kong time; and
  - (c) “**Share Alternative**” and “**Cash Offer**” shall have the meaning given in the Rule 3.5 Announcement.
- 6.5 A person who is not a party to this deed has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any term of this deed but this does not affect any right or remedy of a third party which exists or is available apart from that Ordinance.
- 6.6 The invalidity, illegality or unenforceability of any provision of this deed shall not affect the continuation in force of the remainder of this deed.

- 6.7 This deed contains the whole agreement between Offeror and us relating to the subject matter of this deed at the date hereof to the exclusion of any terms implied by law which may be excluded by contract. We acknowledge that we have not been induced to sign this deed by any representation, warranty or undertaking not expressly incorporated into it.
- 6.8 We agree that damages may not be an adequate remedy for breach of this deed and accordingly that Offeror shall be entitled to the remedies of specific performance, injunction or other equitable relief and no proof of special damages shall be necessary for the enforcement by Offeror of its rights.
- 6.9 We undertake that we shall not reveal, and shall use our reasonable efforts to ensure that our directors, officers, managers, partners, members, employees, legal, financial and professional advisors and bankers (collectively, "**Representatives**") do not reveal, to any third party any Confidential Information without the prior written consent of the Offeror. The term "**Confidential Information**" as used in this deed means: (a) any information concerning the Offers or the Offeror (whether conveyed in written, oral or in any other form and whether such information is furnished before, on or after the date of this deed); or (b) any information or materials prepared by or on behalf of the Offeror that contains or otherwise reflects, or is generated from, any information referred to in sub-paragraph (a) above. The foregoing undertaking shall not apply to: (i) disclosure of Confidential Information that is or becomes generally available to the public other than as a result of disclosure by us or at our direction in violation of this deed; or (ii) disclosure by us to our Representatives on a need-to-know basis provided that such Representatives shall be subject to similar confidentiality obligations imposed under this paragraph; or (iii) disclosure, after giving reasonable prior notice to the Offeror to the extent practicable under the circumstances, to the extent required under the rules of any stock exchange or by applicable laws or governmental regulations or judicial or regulatory process or in connection with any judicial process regarding any legal action, suit or proceeding.
- 6.10 We agree that this deed (and any dispute, controversy, proceedings or claim of any nature arising out of or in connection with it, including non-contractual disputes and claims) shall be governed and construed in accordance with Hong Kong law. We agree to irrevocably submit to the exclusive jurisdiction of the Hong Kong courts.

**In witness whereof this document has been duly executed and delivered as a deed on the date above mentioned.**

Executed and delivered as a deed by  
Petaling Garden (S) Pte. Limited  
acting by an Authorised Signatory in the  
presence of a witness

PETALING GARDEN (S) PTE LTD



Director

*Authorised Signatory*

in the presence of:

Signature of witness:

\_\_\_\_\_

Name of witness:

\_\_\_\_\_

Address of witness:

\_\_\_\_\_

Occupation of witness:

\_\_\_\_\_

**SCHEDULE 1**

**Details of Shares**

<b>Number of ordinary shares</b>	<b>Registered holder</b>	<b>Beneficial owner</b>	<b>Number of Shares elected for the Share Alternative</b>	<b>Number of Shares elected for the Cash Offer</b>
29,006,000	Petaling Garden (S) Pte. Limited	Petaling Garden (S) Pte. Limited	29,006,000	Nil

ANNEX

Rule 3.5 Announcement

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.*

*This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Lee Hing Development Limited or Lee Hing (2021) Limited (formerly known as Classic Prestige Limited), nor is it a solicitation of any vote or approval in any jurisdiction. This joint announcement is not for release, publication or distribution into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.*

**LEE HING (2021) LIMITED**  
**(formerly known as Classic Prestige Limited)**  
*(Incorporated in the British Virgin Islands with limited liability)*

**LEE HING DEVELOPMENT LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 68)**

**JOINT ANNOUNCEMENT**

**(I) 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 IN LEE HING DEVELOPMENT LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
LEE HING (2021) LIMITED (FORMERLY KNOWN AS CLASSIC PRESTIGE LIMITED)  
AND PARTIES ACTING IN CONCERT WITH IT);**

**AND**

**(II) POSSIBLE PRIVATISATION**

**Financial adviser to the Offeror**  
**[Logo of INCU]**

**INCUB Corporate Finance Limited**

**THE OFFER**

The Board was informed by the Offeror on 5 July 2021 that Kingkey Securities, on behalf of the Offeror, will make a voluntary conditional cash offer, with an alternative to receive shares in the



Offeror, to acquire all the Lee Hing Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

### **Irrevocable Undertakings**

As at the date of this joint announcement: (a) Petaling Garden holds 29,006,000 Lee Hing Shares, representing approximately 19.76% of all the Lee Hing Shares currently in issue; (b) TKY Sdn. Bhd. holds 2,500,000 Lee Hing Shares, representing approximately 1.70% of all the Lee Hing Shares currently in issue; and (c) the Offeror Concert Group (excluding the Offeror, which does not hold any Lee Hing Shares as at the date of this joint announcement, Mr. Tan, Zali International Limited and Zali Capital Limited) in aggregate holds 5,091,000 Lee Hing Shares, representing approximately 3.47% of all the Lee Hing Shares currently in issue. Each of Petaling Garden, TKY Sdn. Bhd. and 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) this 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 the Composite Document is published, that it does not intend to proceed with the Offer; or (c) the Offer has lapsed or been withdrawn (other than the lapse or withdrawal of the Offer solely as a result of the Offeror exercising its rights of compulsory acquisition of Lee Hing Shares) and no new, revised or replacement Offer has been announced by Offeror or its affiliates at the same time.

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 date of this joint announcement hold in aggregate 51,719,000 Lee Hing Shares, representing approximately 35.24% of all the Lee Hing Shares currently 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**

Kingkey Securities will make the Offer, on behalf of the Offeror, in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

(a) For cash payment .....HK\$0.80 for every Lee Hing Share; or

(b) For the Share Alternative.....one Offeror Share for every Lee Hing Share

If a Shareholder opts for the Share Alternative, one Offeror Share will be allotted and issued, credited as fully paid, by the Offeror to such Shareholder in respect of each Lee Hing Share owned by such Shareholder and validly tendered for acceptance under the Offer, except that Mr. Tan, who has undertaken in favour of the Offeror 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 hold a total of 1,479,000 Offeror Shares upon completion of the Offer 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. A Shareholder may only opt either to receive cash payment or for the Share Alternative (but not both) in respect of all the Lee Hing Shares tendered by it for acceptance under the Offer.

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

#### **Value of the Offer**

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement 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 date of this joint announcement, the value of the Lee Hing Shares would be HK\$117,425,028.

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement up to (and including) the close of the Offer and that (a) Petaling Garden, TKY Sdn. Bhd. and the members of the Offeror Concert Group elect the Share Alternative and (b) all the Disinterested Shareholders (other than Petaling Garden and TKY Sdn. Bhd.) elect to receive cash payment under the Offer, and based on 146,781,285 Lee Hing Shares in issue as at the date of this joint announcement, 58,465,285 Lee Hing Shares shall be 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 would be 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. 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 (other than Petaling Garden and TKY Sdn. Bhd.) 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 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. 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.

If the Lee Hing Shares validly tendered for acceptance under the Offer, together with those already owned or agreed to be acquired by the Offeror and parties acting in concert with it, represent in aggregate: (a) not less than 90% of all the Lee Hing Shares; and (b) not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders, the Offeror will exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Companies Ordinance to privatise the Company as further particularised in the section headed "Compulsory acquisition rights and withdrawal from listing" below. Upon the Offer becoming unconditional following the fulfilment of the condition set out above, the Offer will remain open for acceptance until the expiry of a period of four months after the posting of the Composite Document.

### **COMPULSORY ACQUISITION RIGHTS AND WITHDRAWAL FROM LISTING**

If the Offeror acquires such number of Lee Hing Shares under the Offer as to result in the Offeror and parties acting in concert with it holding in aggregate not less than 90% of all the Lee Hing Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders within, but not exceeding, the period of 4 months after the posting of the Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and 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 the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard. 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. 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 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 listing of the Lee Hing Shares will be cancelled by the Stock Exchange if the Company cannot re-comply with Rule 13.24 of the Listing Rules on or before the expiration of the 18-month period, i.e. by 16 September 2022.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

An independent financial adviser will be appointed by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to its acceptance. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

#### **DESPATCH OF THE COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company to combine the offer documents and the Company's board circular in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Offer; and (iv) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to. Further announcement(s) will be made when the Composite Document is despatched.

#### **CONTINUED SUSPENSION OF TRADING**

Trading in the Lee Hing Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 17 March 2021 and will remain suspended.

#### **WARNING**

Shareholders and potential investors of the Company should note that the implementation of the Offer is subject to the fulfilment of the condition of the Offer. Thus, the Offer may or may not become or be declared unconditional. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers.

## THE OFFER

The Board was informed by the Offeror on 5 July 2021 that Kingkey Securities, on behalf of the Offeror, will make a voluntary conditional cash offer, with an alternative to receive shares in the Offeror, to acquire all the Lee Hing Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement:

- (a) there are 146,781,285 Lee Hing Shares in issue;
- (b) the Company:
  - (i) does not have any options, derivatives, warrants or securities which are convertible or exchangeable into Lee Hing Shares or which confer rights to require the issue of Lee Hing Shares;
  - (ii) has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Lee Hing Shares or which confer rights to require the issue of Lee Hing Shares; and
  - (iii) has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Lee Hing Shares;
- (c) the Offeror and parties acting in concert with it own, control or have direction over a total of 56,810,000 Lee Hing Shares, representing approximately 38.71% of all the Lee Hing Shares currently in issue; and
- (d) save as mentioned in paragraph (c) above aforesaid, none of the Offeror and parties acting in concert with it owns, controls or has direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

## Irrevocable Undertakings

As at the date of this joint announcement: (a) Petaling Garden holds 29,006,000 Lee Hing Shares, representing approximately 19.76% of all the Lee Hing Shares currently in issue; (b) TKY Sdn. Bhd.

holds 2,500,000 Lee Hing Shares, representing approximately 1.70% of all the Lee Hing Shares currently in issue; and (c) the Offeror Concert Group (excluding the Offeror, which does not hold any Lee Hing Shares as at the date of this joint announcement, Mr. Tan, Zali International Limited and Zali Capital Limited) in aggregate holds 5,091,000 Lee Hing Shares, representing approximately 3.47% of all the Lee Hing Shares currently in issue. Each of Petaling Garden, TKY Sdn. Bhd. and 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) this 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 the Composite Document is published, that it does not intend to proceed with the Offer; or (c) the Offer has lapsed or been withdrawn (other than the lapse or withdrawal of the Offer solely as a result of the Offeror exercising its rights of compulsory acquisition of Lee Hing Shares) and no new, revised or replacement Offer has been announced by Offeror or its affiliates at the same time.

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 date of this joint announcement hold in aggregate 51,719,000 Lee Hing Shares, representing approximately 35.24% of all the Lee Hing Shares currently 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**

Kingkey Securities will make the Offer, on behalf of the Offeror, in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

- (a) For cash payment .....HK\$0.80 for every Lee Hing Share; or
- (b) For the Share Alternative.....one Offeror Share for every Lee Hing Share

If a Shareholder opts for the Share Alternative, one Offeror Share will be allotted and issued, credited as fully paid, by the Offeror to such Shareholder in respect of each Lee Hing Share owned by such Shareholder and validly tendered for acceptance under the Offer, except that Mr. Tan, who has undertaken in favour of the Offeror 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. A Shareholder may only opt either to receive cash payment or for the Share Alternative (but not both) in respect of all the Lee Hing Shares tendered by it for acceptance under the Offer.

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

### **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 29.5% to the average closing price of approximately HK\$1.135 per Lee Hing Share quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day; and
- (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 date of this joint announcement.

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 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.

### **Settlement of consideration**

Consideration of the Offer will be settled by way of (in respect of acceptances for which the Share Alternative is not opted) cash payment or (in respect of acceptances for which the Share Alternative is opted) allotment and issue of Offeror Shares and posting of the share certificates of the Offeror by ordinary post to the relevant Shareholders will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) following the later of the date on which the Offer becomes, or is declared, unconditional and the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

### **Value of the Offer**

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement 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 date of this joint announcement, the value of the Lee Hing Shares would be HK\$117,425,028.

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement up to (and including) the close of the Offer and that (a) Petaling Garden, TKY Sdn. Bhd. and the members of the Offeror Concert Group elect the Share Alternative and (b) all the Disinterested Shareholders (other than Petaling Garden and TKY Sdn. Bhd.) elect to receive cash payment under the Offer, and based on 146,781,285 Lee Hing Shares in issue as at the date of this joint announcement, 58,465,285 Lee Hing Shares shall be 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 would be 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. 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 (other than Petaling Garden and TKY Sdn. Bhd.) 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 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. 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.

If the Lee Hing Shares validly tendered for acceptance under the Offer, together with those already owned or agreed to be acquired by the Offeror and parties acting in concert with it, represent in aggregate: (a) not less than 90% of all the Lee Hing Shares; and (b) not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders, the Offeror will exercise the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Companies Ordinance to privatise the Company as further particularised in the section headed "Compulsory acquisition rights and withdrawal from listing" below. Upon the Offer becoming unconditional following the fulfilment of the condition set out above, the Offer will remain open for acceptance until the expiry of a period of four months after the posting of the Composite Document.

### **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 the Composite Document.

Acceptance of the Offer would be irrevocable and would 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 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**

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.

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.

## **Other terms of the Offer and the Shareholders' Agreement**

Upon completion of the Offer, all the members of the Offeror Concert Group, Petaling Garden, TKY Sdn. Bhd., 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 for arrangements (the "**Offeror Exit Arrangements**") whereby 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), all (but not part) of the Offeror Shares held by

such shareholder of the Offeror. Within three months after receipt of all proceeds (if any) from Ingedion (as defined below) by the Group pursuant to the PureCircle Exit Arrangements (as defined below), the Offeror shall procure the Company to produce its audited consolidated balance sheet as at the end of the month in which all of the aforesaid proceeds are received by the Group (the “**Audited Balance Sheet**”). The Offeror shall serve on each of its aforesaid shareholders 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 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 and will be paid to the accepting shareholders of the Offeror within a reasonable period. Based on the timeline of the PureCircle Exit Arrangements (as defined below), it is expected that the repurchase offer under the Offeror Exit Arrangement will be made in the first half of 2026. The parties to the Shareholders’ Agreement (including all the shareholders of the Offeror) will, by signing the Shareholders’ Agreement or otherwise becoming a party to it, 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.

As at the date of this joint announcement, the major assets of the Group comprise shares in IGB Berhad and 36,746,275 ordinary B shares (the “**PureCircle Shares**”) in PureCircle Limited (formerly known as Ingedion SRSS Holdings Limited) (“**PureCircle**”), a company incorporated in England and Wales, representing approximately 8.21% of the ordinary shares of PureCircle in issue. Based on the consolidated management accounts of the Company for the five months ended 31 May 2021, these PureCircle Shares had a carrying value of approximately HK\$179,000,000 and represented approximately 36.4% of the total assets of the Group as at 31 May 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**”) of PureCircle Limited (“**London Listco**”), a company incorporated in Bermuda and whose issued shares were listed on the Main Market of the London Stock Exchange plc before the London Listco Privatisation. As a result of the London Listco Privatisation, London Listco became wholly owned by PureCircle. Further particulars of the London Listco Privatisation are set out in the circular of the Company dated 23 July 2020.

Pursuant to the exit arrangements (the “**PureCircle Exit Arrangements**”) set out in the shareholders’ agreement dated 9 April 2020 (the “**PureCircle Shareholders’ Agreement**”) between Ingedion Incorporated (being the 100% parent company of PureCircle immediately before the London Listco Privatisation, “**Ingedion**”), the minority investors of PureCircle (which includes the wholly owned subsidiary of the Company holding the PureCircle Shares) (the “**Minority Investors**”) and PureCircle, 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), Ingedion will 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. Ingedion will (unless such number of PureCircle shares has, in the same year (in respect of each of the three consecutive years commencing from 1 January 2022 and expiring on 31 December 2024), been put to Ingedion in accordance with the put option (the “**Put Option**”) granted to the Minority Investors under the PureCircle Shareholders’ Agreement) be obliged to offer to buy such shares of PureCircle in accordance with the fair price mechanism set out in the PureCircle Shareholders’ Agreement (which shall be the fair price as assessed by Ingedion unless a Minority Investor refers determination of the

fair price to an independent valuer who will be required to apply the valuation methodology as mentioned below). Each Minority Investor will have the right to sell its pro-rata percentage of this number of shares of PureCircle to Ingredion at the fair price.

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 (by reference to the date of the relevant notice served by Ingredion or a Minority Investor (as the case may be)) past performance of PureCircle and projected five year cash flows of PureCircle which the independent valuer determines to be the fair value of the 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 results 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 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. After 1 July 2025, Ingredion will be able to exercise the call option (the "Call Option") granted to it under the PureCircle Shareholders' Agreement to require each Minority Investor to sell 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 price as assessed by Ingredion unless a Minority Investor refers determination of the fair price to an independent valuer who will be required to apply the same valuation methodology as mentioned above).

Further particulars of the PureCircle Shareholders' Agreement, the PureCircle Exit Arrangements, the Put Option and the Call Option are set out in the circular of the Company dated 23 July 2020.

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 Arrangement, and that under the PureCircle Exit Arrangements, the Put Option and the Call Option are yet to be determined. Hence, the consideration payable under the Offeror Exit Arrangement may be higher or lower than the Offer Price under the Offer, and may be nil.

## **COMPULSORY ACQUISITION RIGHTS AND WITHDRAWAL FROM LISTING**

If the Offeror acquires such number of Lee Hing Shares under the Offer as to result in the Offeror and parties acting in concert with it holding in aggregate not less than 90% of all the Lee Hing Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders within, but not exceeding, the period of 4 months after the posting of the Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and 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 the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard. 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. 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 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 Bhd., the Lee Hing Shares will remain listed on the Main Board of the Stock Exchange. In any event, the listing of the Lee Hing Shares will 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.

#### **OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY**

The Offeror confirms that, as at the date of this joint announcement:

- (a) the Offeror and parties acting in concert with it owns an aggregate of 56,810,000 Lee Hing Shares. Save as aforesaid, none of the Offeror and parties acting in concert with it owns or has control or direction over any voting rights or rights over the Lee Hing Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) none of the Offeror, nor any party acting in concert with it has dealt for value in any Lee Hing Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior and up to the date of this joint announcement;
- (c) save for (i) the Irrevocable Undertakings, (ii) the Offeror's confirmation in writing to the Board that Mr. Tan, Zali International Limited and Zali Capital Limited will accept the Offer in respect of all the Lee Hing Shares held by each of them and opt for the Share Alternative and (iii) the Shareholders' Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Lee Hing Shares and which might be material to the Offer;
- (d) there is no agreement or arrangement to which the Offeror, or any party acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror and any party acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

- (f) other than the Irrevocable Undertakings, none of the Offeror and any party acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (g) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any parties acting in concert with it;
- (h) save for the Irrevocable Undertakings and the Shareholders' Agreement, there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between the Offeror or any party acting in concert with it and any other person; and
- (i) save for (i) the Irrevocable Undertakings, (ii) the Offeror's confirmation in writing to the Board that Mr. Tan, Zali International Limited and Zali Capital Limited will accept the Offer in respect of all the Lee Hing Shares held by each of them and opt for the Share Alternative and (iii) the Shareholders' Agreement, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any shareholder of the Company; and (ii)(A) the Offeror and any parties acting in concert with it or (ii)(B) the Company, its subsidiaries or associated companies (as defined in the Takeovers Code).

## 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.

The following table is a summary of certain audited consolidated financial information of the Group for the three financial years ended 31 December 2020 as extracted from the annual reports of the Company for the years ended 31 December 2019 and 31 December 2020:

	For the year ended/ As at 31 December		
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue and income	17,024	20,160	13,361
Loss before tax	446,492	481,609	1,193,951
Loss attributable to owners of the Company	446,497	481,656	1,193,974
Loss per Lee Hing Share (HK cents) Basic and diluted	304.19	328.15	813.42
Net assets	323,203	771,280	1,239,526

## SHAREHOLDING STRUCTURE OF THE GROUP

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after completion of the Offer (assuming that the Offer is fully accepted by the Disinterested Shareholders):

	As at the date of this joint announcement		Immediately after completion of the Offer (assuming that the Offer is fully accepted by the Disinterested Shareholders)	
	Number of Lee Hing Shares	Approximate %	Number of Lee Hing Shares	Approximate %
Offeror Concert Group (Note 1)	56,810,000	38.71	146,781,285	100.00
Petaling Garden (Note 2)	29,006,000	19.76	-	-
TKY Sdn. Bhd. (Note 3)	2,500,000	1.70	-	-
Other public Shareholders	58,465,285	39.83	-	-
	<b>146,781,285</b>	<b><u>100.00</u></b>	<b>146,781,285</b>	<b><u>100.00</u></b>

*Notes:*

- The Offeror Concert Group comprises the Offeror, Mr. Tan, Wah Seong Enterprises Sdn. Bhd., Zali International Limited, Zali Capital Limited, Ms. Connie Cheng Wai Ka, Ms. Tan Mei Sian and Mr. Tan Yee Seng. Each of Tan Chin Nam Sdn. Bhd. and TKY Sdn. Bhd. is an ultimate controlling shareholder of Wah Seong Enterprises Sdn. Bhd. 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. Each of Zali International Limited and Zali Capital Limited is ultimately beneficially owned by Mr. Tan. Ms. Connie Cheng Wai Ka is the wife of Mr. Tan, whereas Ms. Tan Mei Sian and Mr. Tan Yee Seng are children of Mr. Tan.*
- 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.*
- TKY Sdn. Bhd. is held by the family members of the late Mr. Tan Kim Yeow, who was an uncle of Mr. Tan.*

## **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 date of this joint announcement comprises 100 Offeror Shares which are owned by Mr. Tan. On 25 June 2021, a shareholder's resolution of the Offeror was passed whereby each one ordinary share of US\$1.00 (whether issued or unissued) was sub-divided into 100 ordinary shares of US\$0.01 each. As a result of the aforesaid share sub-division, the only ordinary share of US\$1.00 then in issue of the Offeror and held by Mr. Tan was sub-divided into 100 ordinary shares of US\$0.01 each of the Offeror (i.e. 100 Offeror Shares). 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.

Mr. Tan is the chairman of the Company and an executive Director.

## **INTENTION OF THE OFFEROR REGARDING THE GROUP**

If the Offeror acquires such number of Lee Hing Shares under the Offer as to result in the Offeror and parties acting in concert with it holding in aggregate not less than 90% of all the Lee Hing Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of all the Lee Hing Shares held by the Disinterested Shareholders within, but not exceeding, the period of 4 months after the posting of the Composite Document, the Offeror intends to privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and 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.

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, nor does it have any intention to make any significant changes to the continued employment of the Group's employees.

## **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. However, the Stock Exchange is of the view that the securities trading business of the Company, which contributes to the majority of the revenue of the Group, 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.

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, those Disinterested Shareholders who do not accept the Offer will remain as shareholders of the Company which will become a subsidiary of the Offeror upon completion of the Offer and will not be able to enjoy the benefits of the Offeror Exit Arrangements. Furthermore, there is currently no plan for the Company to seek a listing in the long run if the Company has been privatised or delisted on or before the expiration of the 18-month period, i.e. 16 September 2022.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

An independent financial adviser will be appointed by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to its acceptance. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

#### **DESPATCH OF THE COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company to combine the offer documents and the Company's board circular in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Offer; and (iv) the relevant form(s) of acceptance, is required to be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may consent to. Further announcement(s) will be made when the Composite Document is despatched.

#### **DEALING DISCLOSURE**

All associates (as defined under the Takeovers Code and include persons holding 5% or more of any class of relevant securities) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 days period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **CONTINUED SUSPENSION OF TRADING**

Trading in the Lee Hing Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 17 March 2021 and will remain suspended.

## **WARNING**

**Shareholders and potential investors of the Company should note that the implementation of the Offer is subject to the fulfilment of the condition of the Offer. Thus, the Offer may or may not become or be declared unconditional. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers.**

## **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“acting in concert” has the meaning ascribed to it under the Takeovers Code

“associate(s)” has the meaning ascribed to it under the Takeovers Code

“Board” the board of Directors

“Companies Ordinance” the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Company”	Lee Hing Development Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 68)
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the form of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the independent financial adviser to the Independent Board Committee
“Director(s)”	director(s) of the Company
“Disinterested Shareholder(s)”	Shareholder(s), other than the Offeror and parties acting in concert with it
“Encumbrance(s)”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer, which is 21 calendar days after the posting of the Composite Document, or any subsequent closing date of the Offer in accordance with the Takeovers Code
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INCU”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in relation to the Offer
“Independent Board Committee”	the independent board committee of the Board, comprising those Directors as identified in the section headed “Independent Board Committee and independent financial adviser” of this joint announcement and formed for the purpose of advising the Disinterested Shareholders in respect of the Offer

“Irrevocable Undertaking(s)”	the irrevocable undertaking in writing given by each of the members of the Offeror Concert Group (excluding the Offeror, Mr. Tan, Zali International Limited and Zali Capital Limited), Petaling Garden and TKY Sdn. Bhd. in favour of the Offeror that, among others, it will accept the Offer in respect of all the Lee Hing Shares owned by it and opt for the Share Alternative
“Kingkey Securities”	Kingkey Securities Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“Last Trading Day”	16 March 2021, being the last trading day of the Lee Hing Shares before the publication of this joint announcement
“Lee Hing Share(s)”	issued share(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tan”	Mr. Tan Boon Seng, the chairman of the Company, an executive Director and the sole shareholder of the Offeror as at the date of this joint announcement
“Offer”	the voluntary conditional cash offer, with an alternative to receive shares in the Offeror, to be made by Kingkey Securities, on behalf of the Offeror, to acquire all the issued Lee Hing Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer would be made, being HK\$0.80 per Lee Hing Share
“Offeror”	Lee Hing (2021) Limited (formerly known as Classic Prestige Limited), a company incorporated in the British Virgin Islands with limited liability on 18 May 2021 and the offeror under the Offer
“Offeror Concert Group”	the Offeror, Mr. Tan, Wah Seong Enterprises Sdn. Bhd., Zali International Limited, Zali Capital Limited, Ms. Connie Cheng Wai Ka, Ms. Tan Mei Sian and Mr. Tan Yee Seng
“Offeror Share(s)”	ordinary share(s) with a par value of US\$0.01 each in the Offeror
“Overseas Disinterested Shareholder(s)”	Disinterested Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Petaling Garden”	Petaling Garden (S) Pte. Ltd., a company incorporated in the Republic of Singapore

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Alternative”	the alternative under the Offer whereby Shareholders who validly tender acceptances to the Offer may opt to receive Offeror Share on an exchange ratio of one Lee Hing Share tendered to one Offeror Share in lieu of cash consideration
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement relating to the Offeror to be entered into between all the members of the Offeror Concert Group, Petaling Garden, TKY Sdn. Bhd., the other Disinterested Shareholders who validly accept the Offer and opt for the Share Alternative, and the Offeror upon completion of the Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“TKY Sdn. Bhd.”	Tan Kim Yeow Sdn. Bhd., a company incorporated in Malaysia with limited liability
“HK\$” and “HK cent(s)”	Hong Kong dollar(s) and Hong Kong cent(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the board of directors of  
**Lee Hing (2021) Limited**  
 (formerly known as Classic Prestige Limited)  
**Tan Boon Seng**  
*Sole Director*

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

Hong Kong, [\*] 2021

*As at the date of this joint announcement, the Board comprises Mr. Tan Boon Seng and Mr. Chan Kai Kwok, both of whom are executive Directors; Mr. Ho Hau Chong, Norman, Mr. Fung Ka Pun and Mr. Lim Lay Leng, all of whom are independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror), and confirm,*

*having made all reasonable inquiries, that to the best of each of their knowledge, opinions expressed in this joint announcement (other than those expressed by the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Tan Boon Seng.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*