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IMAGE FRAME INVESTMENT (HK) LIMITED

(Incorporated in Hong Kong with limited liability)

LEYOU TECHNOLOGIES HOLDINGS LIMITED

樂遊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1089)

JOINT ANNOUNCEMENT

**(1) PROPOSED TAKE PRIVATE OF
LEYOU TECHNOLOGIES HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE COMPANIES LAW
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
LEYOU TECHNOLOGIES HOLDINGS LIMITED**

**DESPATCH OF SCHEME DOCUMENT
AND
OPTION OFFER LETTER**

Financial Adviser to the Offeror

BofA SECURITIES 

Financial Adviser to the Company

MOELIS & COMPANY

Independent Financial Adviser to the Independent Board Committee

 **OPTIMA**
CAPITAL
Optima Capital Limited

INTRODUCTION

References are made to (i) the joint announcement issued by Image Frame Investment (HK) Limited (the “**Offeror**”) and Leyou Technologies Holdings Limited (the “**Company**”) dated 27 August 2020 in relation to, among other things, the proposed take private of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Law, (ii) the joint announcements issued by the Offeror and the Company dated 8 September 2020, 8 October 2020 and 6 November 2020 in relation to the delay in despatch of the Scheme Document and the monthly update on the proposed take private of the Company; and (iii) the scheme document jointly issued by the Offeror and the Company on 11 November 2020 in relation to the Proposal, the Scheme and the Option Offer (the “**Scheme Document**”). Unless otherwise defined, capitalised terms used in this joint announcement shall have the same meanings as those defined in Scheme Document.

DESPATCH OF THE SCHEME DOCUMENT AND OPTION OFFER LETTER

The Scheme Document, together with notices of the Court Meeting and the EGM as well as the relevant forms of proxy, will be despatched to the Shareholders on Wednesday, 11 November 2020.

The Scheme Document, the notices of the Court Meeting and the EGM of the Company, the Option Offer Letter and the Form of Acceptance will also be despatched to Optionholders on Wednesday, 11 November 2020.

The Scheme Document contains, among other things, further details of the Scheme, the Proposal, the Option Offer, the expected timetable, the explanatory memorandum of the Scheme as required under the Companies Law, general information regarding the Company and the Offeror, the letters from the Board, the Independent Board Committee and the Independent Financial Adviser, and the notices of the Court Meeting and the EGM.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Eric Todd, Mr. Hu Chung Ming, Mr. Chan Chi Yuen and Mr. Kwan Ngai Kit, being all of the non-executive Directors, has been established by the Board to make a recommendation (i) to the Disinterested Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the EGM; and (ii) to the Optionholders as to whether the Option Offer is, or is not, fair and reasonable, and whether to accept the Option Offer.

The Board, with the approval of the Independent Board Committee, has appointed Optima Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal and the Scheme are fair and reasonable as far as the Disinterested Shareholders are concerned, and that the terms of the Option Offer are fair and reasonable as far as the Optionholders are concerned, and accordingly, it advises the Independent Board Committee (a) to recommend to the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and (b) to recommend the Optionholders to accept the Option Offer.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal and the Scheme are fair and reasonable as far as the Disinterested Shareholders are concerned, and that the terms of the Option Offer are fair and reasonable as far as the Optionholders are concerned. Accordingly, the Independent Board Committee (a) recommends the Disinterested Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme, and (b) recommends the Optionholders to accept the Option Offer.

Shareholders and Optionholders are urged to read and consider carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Proposal, the Scheme and the Option Offer as set out in the letters from the Independent Board Committee and the Independent Financial Adviser as contained in the Scheme Document.

COURT MEETING AND EGM

The Grand Court has directed that the Court Meeting of the Shareholders be convened for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modification). On account of the Takeovers Code, only the Disinterested Shareholders will vote at the Court Meeting.

The Court Meeting and the EGM are scheduled to be held at 10:00 a.m. and 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) (Hong Kong time), respectively, on Friday, 11 December 2020 at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

Immediately following the conclusion of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, passing, among other things, (i) a special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) an ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, for issuance to the Offeror.

Notices of the Court Meeting and the EGM are set out in the Scheme Document and are available on the websites of the Stock Exchange and the Company.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the EGM on Friday, 11 December 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 7 December 2020 to Friday, 11 December 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. (Hong Kong time) on Friday, 4 December 2020.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Shareholders and potential investors should be aware that the implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the satisfaction or valid waiver (as applicable) of the Conditions described in the section headed "4. Conditions of the Proposal and the Scheme" in Part VII – Explanatory Memorandum appearing on pages 98 to 101 of the Scheme Document. All of the Conditions will have to be satisfied or validly waived (as applicable) on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse. When all of the Conditions are satisfied or validly waived (as applicable), the Scheme will become effective and binding on the Company and all Scheme Shareholders. Implementation of the Option Offer will be conditional upon the Scheme becoming effective only. Assuming that all of the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on Monday, 21 December 2020 (Cayman Islands time).

The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 9:00 a.m. on Wednesday, 23 December 2020.

EXPECTED TIMETABLE

Shareholders should note that the expected timetable set out below is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the expected timetable below.

Hong Kong time
(unless otherwise stated)

Latest time for lodging transfers of Shares
in order to become entitled to attend and vote
at the Court Meeting and the EGM 4:30 p.m. on Friday,
4 December 2020

Register of members of the Company closed
for determination of entitlements of the Disinterested
Shareholders to attend and vote at the Court
Meeting and of Shareholders to attend and vote
at the EGM ^(Note 1) from Monday,
7 December 2020 to
Friday, 11 December 2020
(both days inclusive)

Latest time for lodging forms of proxy in respect of the: ^(Note 2)

- Court Meeting 10 a.m. on Wednesday,
9 December 2020
- EGM. 11 a.m. on Wednesday,
9 December 2020

Meeting Record Date Friday,
11 December 2020

Hong Kong time
(unless otherwise stated)

Court Meeting ^(Note 3) 10 a.m. on Friday,
11 December 2020

EGM ^(Note 3) 11 a.m. on Friday,
11 December 2020
(or immediately following the
conclusion or adjournment of
the Court Meeting)

Announcement of results of the Court Meeting
and the EGM. not later than 7:00 p.m. on
Friday, 11 December 2020

Expected last day for trading in the Shares on
the Stock Exchange 4:10 p.m. on Monday,
14 December 2020

Latest Option Exercise Date ^(Note 4) 2:30 p.m. on Thursday,
17 December 2020

Latest time for lodging transfers of Shares
in order to qualify for entitlements under
the Scheme 4:30 p.m. on Thursday,
17 December 2020

Register of members of the Company closed
for determining entitlements to qualify
under the Scheme ^(Note 5) from Friday,
18 December 2020 onwards

Court hearing of the petition to sanction
the Scheme and to confirm the capital
reduction Friday, 18 December 2020
(Cayman Islands time)

Hong Kong time
(unless otherwise stated)

Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the capital reduction, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	Monday, 21 December 2020
Scheme Record Date	Monday, 21 December 2020
Effective Date ^(Note 6)	Monday, 21 December 2020 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	before 8:30 a.m. on Tuesday, 22 December 2020
Expected withdrawal of the listing of Shares on the Stock Exchange becomes effective ^(Note 7)	9:00 a.m. on Wednesday, 23 December 2020
Latest time to despatch cheques for cash payment under the Scheme ^(Note 8)	Thursday, 31 December 2020
Option Record Date ^(Note 9)	Tuesday, 5 January 2021
Announcement of results of the Option Offer	not later than 7:00 p.m. on Tuesday, 5 January 2021
Latest time to despatch cheques for cash payment under the Option Offer ^(Note 10)	Thursday, 14 January 2021
Lapse of all Options ^(Note 11)	Thursday, 21 January 2021

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the pink form of proxy for the Court Meeting and the white form of proxy for the EGM must be lodged no later than the latest times and date(s) stated above. Each Disinterested Shareholder is only entitled to submit one form of proxy for the Court Meeting. If more than one form of proxy for the Court Meeting is submitted by a Disinterested Shareholder and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the forms of proxy will not be accepted. If more than one form of proxy for the Court Meeting is submitted by a Disinterested Shareholder other than HKSCC Nominees Limited and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the Chairman of the Court Meeting shall have absolute discretion as to whether or not to accept those forms of proxy. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Disinterested Shareholder and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the pink form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.
- (3) The Court Meeting and the EGM will be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at the times and dates specified above. Please see the notice of Court Meeting set out in Appendix VI to the Scheme Document and the notice of EGM set out in Appendix VII to the Scheme Document for details.
- (4) If Optionholders wish to qualify for entitlements under the Scheme, they must exercise their Options and lodge their notices of exercise before the time specified above on the Latest Option Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of Shares by the time of the Scheme Record Date.
- (5) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (6) The Scheme shall become effective upon all the Conditions set out in the paragraph headed "4. Conditions of the Proposal and the Scheme" in Part VII — Explanatory Memorandum of the Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).

- (7) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 9:00 a.m. on Wednesday, 23 December 2020.
- (8) Cheques for cash payment under the Scheme will be despatched by post within seven (7) Business Days from the Effective Date.
- (9) Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Offeror, care of Leyou Technologies Holdings Limited at Suite 3201, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong, for the attention of the Company Secretary of the Company and marked “Leyou Technologies Holdings Limited – Option Offer” by no later than 4:30 p.m. (Hong Kong time) on Tuesday, 5 January 2021 (or such later date and time as may be notified to the Optionholders by the Offeror, BofA Securities and the Company or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).
- (10) Cheques for cash payment under the Option Offer in respect of validly completed Forms of Acceptance received before 4:30 p.m. on Tuesday, 5 January 2021 will be despatched by post within seven (7) Business Days following the Effective Date or receipt of such validly completed Forms of Acceptance, whichever is the later.
- (11) Pursuant to the terms of the Share Option Scheme, all Options shall lapse automatically and not be exercisable at the expiry of one calendar month after the Effective Date.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.

WARNING

Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all of the Conditions being satisfied or validly waived (as applicable) and thus the Proposal and the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

By Order of the board
Image Frame Investment (HK) Limited
Ma Huateng
Director

By Order of the Board
Leyou Technologies Holdings Limited
Xu Yiran
Chairman

Hong Kong, 11 November 2020

As at the date of this announcement, the directors of the Offeror are Mr. Ma Huateng and Mr. Charles St Leger Searle, who jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this 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 announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Directors are Mr. Xu Yiran (Chairman and Chief Executive Officer), Mr. Li Yang (Deputy Chairman), Dr. Alan Chen (Chief Operating Officer), Mr. Gu Zhenghao, and Mr. Cao Bo as executive Directors, Mr. Eric Todd as non-executive Director, and Mr. Hu Chung Ming, Mr. Chan Chi Yuen and Mr. Kwan Ngai Kit as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement in relation to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.