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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 CLARIFICATION ANNOUNCEMENT

SCHEME DOCUMENT RELATING TO THE PROPOSED TAKE PRIVATE OF LEYOU TECHNOLOGIES HOLDINGS LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW

Financial Adviser to the Offeror

BofA SECURITIES 

Financial Adviser to the Company

MOELIS & COMPANY

Independent Financial Adviser to the Independent Board Committee


Optima Capital Limited

Reference is made to the scheme document jointly issued by Image Frame Investment (HK) Limited (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 announcement shall have the same meanings as those defined in Scheme Document.

The Company and the Offeror wish to clarify the list of material contracts entered into by the Group as disclosed in the paragraph headed “7. Material Contracts” in Appendix II – General Information on the Company on pages II-8 to II-10 of the Scheme Document. The Company and the Offeror would like to clarify that certain contracts disclosed therein do not in fact constitute “material contract” under paragraph (9) of Schedule II and Practice Note 22 of the Takeovers Code as they were entered into in the ordinary course of business of the Group and, as such, these contracts shall be excluded from the list of “material contracts” contained in the Scheme Document. The list of material contracts shall be revised and read as follows (the “**Revised Material Contracts**”):

- (a) the Implementation Undertaking;
- (b) the VIE Agreements, pursuant to which the Group, via WFOE, is able to assert management control over the operations of, and enjoy substantially all the economic benefits of the VIE Entity;
- (c) Placing agreement dated 29 September 2017 and entered into between the Company as issuer and Kingston Securities Limited as placing agent in relation to the placing of up to 146,230,000 placing shares at the placing price of HK\$1.7 per share;
- (d) Sale and purchase agreement dated 18 January 2018 and entered into between the Company as purchaser and Galaxy Strategic Investment Co., Ltd. as vendor in relation to the acquisition of 188,679,245 shares in Freeman Fintech Corporation Limited at a consideration of HK\$100,000,000;
- (e) Sale and purchase agreement dated 2 February 2018 and entered into between the Company as purchaser and Galaxy Strategic Investment Co., Ltd. as vendor in relation to the acquisition of 93,457,943 shares in Freeman Fintech Corporation Limited at a consideration of HK\$100,000,000;
- (f) Facility letter dated 7 May 2018 and entered into between the Company as borrower and HSBC as lender in relation to the term loan of US\$25,000,000;

- (g) Facility letter dated 12 November 2018 and entered into between the Company as borrower and HSBC as lender in relation to (i) the revolving loan of HK\$65,000,000; and (ii) three mortgage loans totalled HK\$104,000,000 for the acquisition of properties situated at Suites 3201, 3206 and 3207, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong;
- (h) Sale and purchase agreement dated 29 August 2018 and entered into among Excellent Wish Limited (a wholly-owned subsidiary of the Company) as purchaser, Ms. Wu Laam Anne as vendor and Mr. Yuk as vendor's guarantor in relation to the sale and purchase of the entire issued share capital of and the shareholder's loan in Xiang Tian Limited, which indirectly owned a property, at a consideration of HK\$83,310,000;
- (i) Sale and purchase agreement dated 29 August 2018 and entered into among Excellent Wish Limited (a wholly-owned subsidiary of the Company) as purchaser, Ms. Wu Laam Anne as vendor and Mr. Yuk as vendor's guarantor in relation to the sale and purchase of the entire issued share capital of and the shareholder's loan in Reach Affluent Limited, which indirectly owned a property, at a consideration of HK\$52,540,000;
- (j) Sale and purchase agreement dated 29 August 2018 and entered into between Excellent Wish Limited as purchaser and Cindic Holdings Limited as vendor in relation to the sale and purchase of a property at a consideration of HK\$124,150,000;
- (k) Sale and purchase agreement dated 15 October 2017 and entered into between the Company and Certain Affinity, LLC in relation to, among other things, the purchase of series A preferred stock representing 20% of the issued share capital of Certain Affinity, LLC at a total consideration of US\$10 million;
- (l) Investors' rights agreement entered into by and among Certain Affinity, the Company, Capstar Capital, LLC and Certain Affinity Holdings, Inc. dated 30 October 2017;
- (m) Right of first refusal and co-sale agreement entered into by and among Certain Affinity, the Company, Capstar Capital, LLC, Certain Affinity Holdings, Inc. and certain other parties thereto dated 30 October 2017;
- (n) Voting agreement entered into by and among Certain Affinity, the Company, Capstar Capital, LLC and Certain Affinity Holdings, Inc. dated 30 October 2017;

- (o) Amended and restated restricted stock purchase agreement entered into by and among Certain Affinity Holdings, Inc., Max Hoberman, Certain Affinity and the Company dated 30 October 2017;
- (p) Deed of release entered into by and among the Company, Paul Wedgwood and Radius Maxima Limited dated 24 August 2020 in relation to the discharge and release of the charge over shares in Splash Damage Limited, Fireteam Limited and Warchest Limited, which was granted by Radius Maxima Limited in favour of Paul Wedgwood dated 31 March 2017;
- (q) Memorandum of understanding entered into among Port New, Novel New, Mr. Yuk and iDreamSky Technology Holdings Limited dated 29 November 2019 regarding the possible sale by Port New and Novel New to iDreamSky Technology Holdings Limited of a total of 2,132,694,522 Shares;
- (r) Privatization exclusivity agreement entered into among Mr. Yuk, the Company and Tencent Mobility Limited dated 10 July 2020 regarding a possible acquisition and privatization of the Company; and
- (s) Engagement letter as financial adviser entered into by and between the Company and Moelis dated 20 May 2019 as amended by an amendment letter entered into by and between the Company and Moelis dated 27 August 2020.

Save as disclosed above, all information and contents as set out in the Scheme Document remain valid and unchanged.

DOCUMENTS AVAILABLE FOR INSPECTION

As a result of the clarification above, copies of the documents relating to the Revised Material Contracts available for inspection at the principal place of business of the Company in Hong Kong and on the websites of the Company and the SFC will be updated accordingly.

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 of
**IMAGE FRAME INVESTMENT (HK)
LIMITED**
Ma Huateng
Director

By order of the board of
**LEYOU TECHNOLOGIES
HOLDINGS LIMITED**
Xu Yiran
Chairman

Hong Kong, 27 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.