

25 July 2018

*To the Independent Shareholders and Optionholders*

Dear Sir/Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY  
DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON  
BEHALF OF PERFECT THINKING GLOBAL LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF UKF (HOLDINGS) LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED  
BY PERFECT THINKING GLOBAL LIMITED AND ITS CONCERT PARTIES)  
AND  
TO CANCEL ALL THE OUTSTANDING OPTIONS OF  
UKF (HOLDINGS) LIMITED**

**1. INTRODUCTION**

Reference is made to the Joint Announcement. On 12 February 2018 (after trading hours), the Vendors and the Offeror entered into the SPA, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 15.87% of the existing issued share capital of the Company as at the Latest Practicable Date. The total cash consideration for Sale Shares is HK\$180,758,400, equivalent to HK\$0.25 per Sale Share. SPA Completion took place on 18 July 2018. Upon the SPA Completion, the Offeror and its Concert Parties became interested in a total of 1,461,291,889 Shares, representing approximately 32.07% of all the Shares in issue as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer and, pursuant to Rule 13 of the Takeovers Code, to make the Option Offer.

This letter forms part of this Composite Document and sets out, among other things, the details of the Offers, certain information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offers and the procedures of acceptances are set out in this letter, Appendix I to the Composite Document and the Form(s) of Acceptance.

The Independent Shareholders and the Optionholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in the Composite Document before reaching a decision as to whether or not to accept the Offers.

## 2. THE OFFERS

Deloitte Corporate Finance, as the financial adviser to the Offeror, is making the Offers for and on behalf of the Offeror to all the Independent Shareholders for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and its Concert Parties) and to the Optionholders for the cancellation of all outstanding Options, in accordance with Rules 26.1 and 13 of the Takeovers Code respectively, on the following basis:

### Principal terms of the Offers

#### *The Share Offer*

For each Offer Share ..... HK\$0.255 in cash

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances and together with all rights and benefits attached and accrued thereto as at the date on which the Share Offer is made, including the rights to receive in full all dividends and distributions that may be declared, made or paid by the Company on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made and to any further Shares which are unconditionally allotted or issued after the date on which the Share Offer is made and before the Closing Date, other than those Shares owned by the Offeror and its Concert Parties.

#### *The Option Offer*

For cancellation of each Option with an exercise price of:

HK\$0.120 (57,507,840 Options in total)..... HK\$0.135 in cash

HK\$0.151(1,058,880 Options in total) ..... HK\$0.104 in cash

The relevant Option Offer Price represents the amount by which the Share Offer Price exceeds the exercise price of the relevant Option. The Option Offer will be extended to all Optionholders in accordance with the Takeovers Code.

### Conditions of the Offers

The Share Offer, will be conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Shares acquired or agreed to be acquired by the Offeror and its Concert Parties before or during the Offer Period, will result in the Offeror and its Concert Parties holding more than 50% of the voting rights of the Company. The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

### **Comparison of value**

The Share Offer Price of HK\$0.255 per Offer Share represents:

- (a) the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 12 February 2018, being the Last Trading Day;
- (b) a premium of approximately 1.67% over the average of the closing price of HK\$0.2508 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 0.55% to the average of the closing price of HK\$0.2564 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 112.5% over the audited consolidated net assets of the Group per Share of approximately HK\$0.120 (based on 4,556,923,015 Shares in issue) as at 31 March 2018 (being the date on which the latest published audited accounts of the Group were made up); and
- (e) a premium of approximately 3.24% over the closing price of HK\$0.247 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

### **Value of the Offers**

As at the Latest Practicable Date, there were 4,556,923,015 Shares in issue and 58,566,720 Options outstanding. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Share Offer Price at HK\$0.255 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$1,162,015,369. Assuming that all the 58,566,720 outstanding Options are fully exercised prior to the making of the Offers, there will be 4,615,489,735 Shares in issue and, on the basis of the Share Offer Price at HK\$0.255 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$1,176,949,882.

Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Offers (assuming no Options are exercised and full acceptances under the Offers) will be approximately HK\$797,259,619. The aggregate cash consideration payable by the Offeror under the Offers (assuming all Options are exercised and full acceptances under the Offers) will be approximately HK\$804,320,451.

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.280 per Share on 22 January 2018 and HK\$0.222 per Share on 27 June, 3 July, 4 July and 5 July 2018, respectively.

### **Financial resources available to the Offeror**

The maximum consideration payable under the Offers is HK\$804,320,451. The Offeror intends to finance the consideration payable under the Offers by internal resources and the Loan Facility. The Offeror has entered into a security deed with CCB International Securities Limited (“CCBI”) pursuant to which, among other things, the Shares owned by the Offeror prior to the execution of this deed, the Sale Shares and the Offer Shares to be acquired pursuant to the Offers would be charged in favour of CCBI to secure its obligations and liabilities owed to CCBI relating to the Loan Facility.

Deloitte Corporate Finance, the financial adviser to the Offeror in relation to the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for full acceptances of the Offers.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

### **Effect of accepting the Offers**

By accepting the Share Offer, subject to the Share Offer becoming unconditional, the Independent Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

By accepting the Option Offer, Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of despatch of this Composite Document. Pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme, the Optionholders are entitled to exercise the Options in full (to the extent which has become exercisable and not already exercised) at any time within 14 days after the date on which the Share Offer becomes or is declared unconditional, after which the Options shall lapse automatically.

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

### **Hong Kong stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each accepting Independent Shareholder at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such accepting Independent Shareholder (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

The Offeror bears its own portion of buyer's ad valorem stamp duty at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant accepting Independent Shareholder and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptances of the Option Offer.

### **Payment**

Payment (after deducting the accepting Independent Shareholders' share of ad valorem stamp duty in connection with the Share Offer) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven (7) Business Days following the later of the date on which the Offers become or are declared unconditional and the date on which duly completed Form(s) of Acceptance and the relevant documents of title of the Shares or the Options (as the case may be) are received by the Offeror to render each such acceptance complete and valid in accordance with the Takeovers Code.

### 3. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to the SPA Completion; (ii) immediately upon the SPA Completion and as at the Latest Practicable Date (assuming none of the Options have been exercised); and (iii) immediately upon the SPA Completion and as at the Latest Practicable Date (assuming all of the Options have been exercised):

	Immediately prior to the SPA Completion		Immediately upon the SPA Completion and as at the Latest Practicable Date (assuming none of the Options have been exercised)		Immediately upon the SPA Completion and as at the Latest Practicable Date (assuming all of the Options have been exercised)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>The Offeror and its Concert Parties</b>						
Offeror	730,969,089	16.04	1,454,002,689	31.91	1,454,002,689	31.50
Mr. Chen	<u>7,289,200</u>	<u>0.16</u>	<u>7,289,200</u>	<u>0.16</u>	<u>7,289,200</u>	<u>0.16</u>
<b>Subtotal:</b>	<u>738,258,289</u>	<u>16.20</u>	<u>1,461,291,889</u>	<u>32.07</u>	<u>1,461,291,889</u>	<u>31.66</u>
<b>Directors</b>						
Mr. Wong	724,771,200	15.90	36,000,000	0.79	70,698,240	1.53
	<i>(note 1)</i>					
Ms. Kwok	<u>39,262,400</u>	<u>0.86</u>	<u>5,000,000</u>	<u>0.11</u>	<u>27,809,600</u>	<u>0.60</u>
<b>Substantial shareholder</b>						
Yan Kam Cheong <i>(note 2)</i>	<u>745,740,000</u>	<u>16.36</u>	<u>745,740,000</u>	<u>16.36</u>	<u>745,740,000</u>	<u>16.16</u>
<b>Other Public Shareholders</b>						
	<u>2,308,891,126</u>	<u>50.68</u>	<u>2,308,891,126</u>	<u>50.67</u>	<u>2,309,950,006</u>	<u>50.05</u>
<b>Total</b>	<u>4,556,923,015</u>	<u>100</u>	<u>4,556,923,015</u>	<u>100</u>	<u>4,615,489,735</u>	<u>100</u>

*Notes:*

1. Under the SFO, Mr. Wong is deemed to be interested in 653,232,000 shares which are held by Trader Global Investments Limited, a company wholly owned by him.
2. Under the SFO, Mr. Yan Kam Cheong is deemed to be interested in 745,740,000 shares which are held by Excel Blaze Limited, a company wholly owned by him.
3. As at the Latest Practicable Date, the Company has 58,566,720 outstanding Options, among which (i) 34,698,240 and 22,809,600 Options at an exercise price of HK\$0.120 each were granted to Mr. Wong and Ms. Kwok respectively; and (ii) the remaining 1,058,880 Options at an exercise price of HK\$0.151 each were granted to current employees of the Group.

Immediately upon the SPA Completion, Mr. Wong and Ms. Kwok will continue to be interested in 36,000,000 and 5,000,000 Shares, representing approximately 0.79% and 0.11% of the issued share capital of the Company as at the Latest Practicable Date, respectively. Mr. Wong and Ms. Kwok will not accept the Share Offer and the Option Offer extended to them. However, Mr. Wong and Ms. Kwok will exercise the Options held by them within 14 days after the date in which the Share Offer becomes unconditional. After the said exercise of Options, Mr. Wong and Ms. Kwok will respectively be interested in 70,698,240 and 27,809,600 Shares, representing approximately 1.53% and 0.60% of the issued share capital of the Company (assuming all Options are exercised), respectively. Mr. Wong and Ms. Kwok will hold the said Shares beneficially immediately after the SPA Completion for their personal investment purpose.

#### **4. INFORMATION ON THE GROUP**

Details of the information on the Group are set out in the paragraph headed “Information on the Group” in the “Letter from the Board” in this Composite Document.

#### **5. INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands with limited liability. Mr. Chen holds a Bachelor’s degree in Economics from University of British Columbia, Canada. He has extensive investment and management experience and currently has invested in different industries, such as media and information technology. Mr. Chen is the Chairman and a non executive director of KK Culture Holdings Limited (Stock Code: 550), a company listed on Main Board of the Stock Exchange. As at the Latest Practicable Date, the Offeror is wholly owned by Mr. Chen who is also the sole director of the Offeror. The Offeror is principally engaged in investment holding.

As at the Latest Practicable Date, Mr. Chen and the Offeror are independent from Mr. Wong, Ms. Kwok and Mr. Yan Kam Cheong (a substantial shareholder of the Company) and their respective Concert Parties.

## **6. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Upon the SPA Completion, the Offeror became the controlling shareholder of the Company. After the close of the Offers, the Offeror intends to continue the existing principal business of the Group. The Offeror may make some changes to the composition of the Board by nominating new Directors so as to facilitate the business operation and management of the Group. The Offeror has no plan to terminate the employment of any senior management personnel of the Group in the short term. Instead, the Offeror is inclined to work together with the senior management of the Company and to leverage on their expertise and experience to further promote the growth of the Group. The Offeror will, depending on the business operations and development of the Group in the future, constantly review the staff structure of the Group so as to meet the needs of the Group from time to time. As at the Latest Practicable Date, the Offeror also has no intention to terminate the employment of any employee. The Offeror reserves the right to make any changes it deems necessary or appropriate to the Group's business and operations to increase the value of the Group. No major changes are expected in respect of the redeployment of the assets of the Group other than those in its ordinary course of business.

The Offeror will, following the close of the Offers, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream. As at the Latest Practicable Date, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

## **7. COMPULSORY ACQUISITION**

The Offeror does not intend to exercise any power of compulsory acquisition of any outstanding Offer Shares not acquired under the Share Offer after the close of the Offers.

## **8. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends that the Company will remain listed on the Stock Exchange after the close of the Offers. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.



## **9. IMPORTANT NOTE TO SHAREHOLDERS AND OPTIONHOLDERS OUTSIDE HONG KONG**

The Offers are made in respect of securities of a company incorporated in the Cayman Islands and subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including those with registered addresses outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong and the ability of Overseas Holders to participate in the Offers will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offers to Overseas Holders may be prohibited or limited by the laws of the relevant jurisdictions. Overseas Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 by such Overseas Holders in respect of such jurisdictions).

## **10. TAX IMPLICATIONS**

The Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting or rejecting the Offers. It is emphasised that none of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Deloitte Corporate Finance, the Independent Financial Advisor, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offers or any of their respective agents do not accept any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

## **11. ACCEPTANCE AND SETTLEMENT**

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

## **12. GENERAL**

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owner of the Offer Shares whose investments are registered in the name of a nominee to provide instructions to their nominee of their intentions with regards to the Share Offer.

All documents and remittances will be sent to the Independent Shareholders and the Optionholders by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint holders, to such Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Deloitte Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

## **13. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the advice of the Independent Board Committee set out in the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,  
For and on behalf of  
**Deloitte & Touche Corporate Finance Limited**



**Raymond Yip**  
*Executive Director*