



英皇企業融資
Emperor Corporate Finance

4 September 2024

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CORPORATE FINANCE LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL ISSUED SHARES
OF WUXI LIFE INTERNATIONAL HOLDINGS GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING
IN CONCERT WITH HIM)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Offer.

Immediately before the completion of the Rights Issue, the Offeror and parties acting in concert with him owned 37,000,000 Shares, representing approximately 29.07% of the total issued share capital of the Company prior to the issue of 254,528,000 Rights Shares under the Rights Issue.

The Offeror made an application to subscribe for a total of 244,900,000 Rights Shares at the Subscription Price under the Rights Issue, comprising (i) 74,000,000 Rights Shares by provisional allotments; (ii) 60,900,000 Rights Shares as transferee of nil-paid Rights Shares; and (iii) 110,000,000 Rights Shares by excess application. Pursuant to the results of the Rights Issue, on 15 August 2024, a total of 232,458,150 Rights Shares (after the Final Allocation) were issued to the Offeror, comprising (i) 74,000,000 Rights Shares from provisional allotments; (ii) 60,900,000 Rights Shares as transferee of nil-paid Rights Shares; and (iii) 97,558,150 Rights Shares (after the Final Allocation) from excess application.

Immediately following the completion of the Rights Issue (after the Final Allocation) and as at the Latest Practicable Date, the Offeror and parties acting in concert with him are interested in an aggregate of 269,458,150 Shares (comprising 37,000,000 Shares held by the Offeror and 232,458,150 Rights Shares (after the Final Allocation) issued to the Offeror upon completion of the Rights Issue), representing approximately 70.58% of the total issued shares capital of the Company as enlarged by the issue of 254,528,000 Rights Shares. Accordingly, the Offeror is required to make a mandatory unconditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Offer Shares.

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information of the Offeror and its intention regarding the Group and its employees. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Emperor Corporate Finance, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For every Offer Share HK\$0.12 in cash

The Offer Price of HK\$0.12 per Offer Share is equivalent to the Subscription Price of HK\$0.12 per Rights Share paid by the Offeror under the Rights Issue.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and 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 Offer is made, that is, the date of despatch of the Composite Document.

As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distribution before the close of the Offer.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimal number of Shares or any other conditions.

Comparison of value

The Offer Price of HK\$0.12 per Offer Share represents:

- (a) a discount of approximately 13.04% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.67% to the average closing price of approximately HK\$0.144 per Share as quoted on the Stock Exchange over the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 13.04% to the average closing price of approximately HK\$0.138 per Share as quoted on the Stock Exchange over the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 23.57% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange over the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 28.14% to the average closing price of approximately HK\$0.167 per Share as quoted on the Stock Exchange over the sixty (60) consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 36.17% to the closing price of HK\$0.188 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately HK\$0.132 over the net liabilities of the Company of approximately HK\$0.012 per Share based on the audited net liabilities of the Company of approximately HK\$4,561,000 as at 31 December 2023 as disclosed in the annual report of the Company for the year ended 31 December 2023 and 381,792,000 Shares as at the Latest Practicable Date;
- (h) a premium of approximately 1,100% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$0.01 per Share (based on the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3.76 million as at 30 June 2024 and 381,792,000 Shares in issue as enlarged by the Rights Issue as at the Latest Practicable Date); and
- (i) a premium of approximately 41.18% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$0.085 per Share (based on the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3.76 million as at 30 June 2024 as adjusted by net proceeds from the Rights Issue of approximately HK\$28.74 million and 381,792,000 Shares in issue as enlarged by the Rights Issue as at the Latest Practicable Date).

Highest and lowest Share prices

During the Relevant Period:

- (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.225 per Share on 24 June 2024 and 25 June 2024; and
- (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.122 per Share on 1 August 2024.

Value of the Offer

Excluding 269,458,150 Shares held by the Offeror and parties acting in concert with him after the completion of the Rights Issue and the Final Allocation, the number of Shares subject to the Offer is 112,333,850.

Based on the Offer Price of HK\$0.12 per Offer Share for 112,333,850 Offer Shares, the Offer is valued at HK\$13,480,062.

Confirmation of financial resources

The Offeror intends to finance the Offer by the Facility granted by Emperor Securities to the Offeror pursuant to the Facility Agreement. Emperor Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Pursuant to the arrangement of the Facility, amongst others, the Offeror has pledged his shareholding of 269,458,150 Shares held as at the Latest Practicable Date and the Shares to be acquired by the Offeror under the Offer (if any) in favour of Emperor Securities, and such arrangement will not result in a change of the voting rights of the Company before the enforcement of the relevant charge. At as the Latest Practicable Date, Emperor Securities and the Offeror are not aware of any circumstances which may lead to enforcement of the relevant charge. The collateralised Shares shall be released to the Offeror immediately upon full repayment of all the outstanding amounts of the Facility and the interest thereon.

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

Effect of accepting the Offer

By validly accepting the Offer, the accepting Independent Shareholders will sell their tendered Offer Shares to the Offeror which are fully paid-up and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, the record date of which falls on or after the date of despatch of the Composite Document.

As at the Latest Practicable Date, the Company (a) has no dividend or other distributions declared but not paid; and (b) will not declare and pay any dividend or other distributions before the close or lapse of the Offer.

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

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders 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 acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent 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 him, the Company, Emperor Corporate Finance, Emperor Securities, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisers or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Payment in cash in respect of acceptances of the Offer (after deducting the accepting Independent Shareholders' share of stamp duty) will be made as soon as possible but in any event no later than seven (7) Business Days of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid pursuant to the Takeovers Code. No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Shareholders

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders 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.

It is the responsibility of the Overseas Shareholders 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 by such accepting Overseas Shareholder in respect of such jurisdictions).

Any acceptance by any Independent Shareholders and beneficial owners of the Offer Shares will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) developing and marketing of patented server based technology and the provision of communications software platform and software related services; (ii) developing and operating of advertising e-commerce platform “紫紅盒子”, a combination of social media and sales channel which aim to develop an interactive application to foster franchising and brand development, which provides a tailored product recommendations and incentives in the form of advertising rewards or discounts; (iii) sales of a wide spectrum of product categories, mainly including skin care products, agricultural products, gold jewelry, daily necessities, etc., in the platform “紫紅盒子”; and (iv) game publishing, development of mobile game and related intellectual property and platform, mobile applications and data solutions and provision of IT related solutions.

Your attention is drawn to the details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and in Appendices II and IV to this Composite Document.

INFORMATION ON THE OFFEROR

Mr. Liu Guanzhou (“**Mr. Liu**”), aged 42, has been appointed as an executive Director and chairman of the Board of the Company with effect from 14 April 2023. He has over 13 years of experience in business directory publishing and strategic consultancy, and over 10 years of experience in digital marketing and software business, including rich sales channels and business network in the People’s Republic of China. Mr. Liu is the shareholder and authorised representative of several private companies which are engaging in electromechanical equipment, advertising, investment management and brand operation management. Mr. Liu has been a publisher and strategic consultant. Mr. Liu is mainly responsible for the general management and business development in the Greater China.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror to continue the existing businesses of the Group and has no intention to put forward any major changes to the businesses of the Group after the close of the Offer. As at the Latest Practicable Date, the Offeror has not entered and does not intend to enter into any agreement, arrangements, understanding (i) to acquire and/or develop any new business nor (ii) to dispose of or downsize the existing businesses and/or material operating assets, of the Group unless appropriate opportunities arise.

The Offeror will, following the close of the Offer, review the operations of the Group from time to time in order to enhance a long-term growth potential for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the result of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. Should such corporation actions materialize, further announcement(s) will be made in accordance with the GEM Listing Rules.

As at the Latest Practicable Date, the Offeror has no intention to discontinue any employment of the employees of the Group or to dispose of or re-allocate the Group’s assets which are not in the ordinary and usual course of business of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Liu, Ms. Liu Xingmei, Mr. Choi Pun Lap as executive Directors, Ms. Li Hui Ling as non-executive director, and Mr. Fu Yan Ming and Ms. Lam Yuen Man Maria as independent non-executive Directors.

The Offeror does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board it shall be with effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

MAINTAINING THE LISTING STATUS OF AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Offer shall include placing down of sufficient number of accepted Offer Shares by the Offeror where appropriate. The Offeror and the Company will issue a further announcement as and when necessary in this regard.

THE ACQUISITION

On 2 August 2024, the Offeror acquired 60,900,000 nil-paid Rights Shares at HK\$0.01 each through on-market transactions conducted on the Stock Exchange for an aggregate consideration of HK\$609,000.

PROCEDURES FOR ACCEPTANCES AND SETTLEMENT

Your attention is drawn to “Further terms and procedures for acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the Offer Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with him, Emperor Corporate Finance, the Registrar or any of their respective directors or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, 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 and the accompanying Form of Acceptance before deciding whether or not to accept the Offer. You are also recommended to read carefully Appendix I titled “Further Terms and Procedures of Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,

For and on behalf of

Emperor Corporate Finance Limited



Mark Chan
Managing Director