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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)

**ANNOUNCEMENT PURSUANT TO RULE 3.7
OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND
THE INSIDE INFORMATION PROVISION**

This announcement is made by Leyou Technologies Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 20 September 2019, 16 October 2019, 13 November 2019, 22 November 2019, 29 November 2019, 9 December 2019, 20 December 2019, 3 January 2020, 13 January 2020, 22 January 2020, 30 January 2020, 17 February 2020 and 10 March 2020 (the “**Announcements**”) in relation to, among others, the Possible Transactions. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE EXCLUSIVITY AGREEMENT

The Board announces that on 12 March 2020 (after trading hours), Mr. Yuk and the Company entered into an exclusivity agreement (the “**Exclusivity Agreement**”) with the Potential Purchaser regarding a possible pre-conditional voluntary conditional offer to be made by the Potential Purchaser for all the issued Shares of the Company (the “**Possible Offer**”).

Principal terms of the Exclusivity Agreement

Pursuant to the Exclusivity Agreement, the Potential Purchaser has been granted an exclusivity period beginning on the date of the Exclusivity Agreement and ending on the earlier of (i) 15 April 2020 (or such later date as extended in accordance with the Exclusivity Agreement or such other date as the parties may agree in writing); or (ii) the date that the Potential Purchaser notifies Mr. Yuk and the Company in writing that the Potential Purchaser no longer intends to participate in the Possible Offer (the “**New Exclusivity Period**”).

During the New Exclusivity Period:

- (i) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly through any person, solicit or encourage any proposals, engage in any discussions or negotiation, or enter into any agreement, arrangement or understanding, with any person other than the Potential Purchaser (or any person designated by the Potential Purchaser) regarding the acquisition of any interest in, investment into or cooperation with any member of the Group;

- (ii) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly through any person, sell, transfer, encumber or dispose of (or agree to sell, transfer, encumber or dispose of) any interest in the issued Shares of the Company (other than encumbrances which are existing as at the date of the Exclusivity Agreement and which Mr. Yuk and the Company have notified the Potential Purchaser prior to the date of the Exclusivity Agreement), except to the Potential Purchaser (or any person designated by the Potential Purchaser);
- (iii) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly, take any action (including voting at any shareholders or board meeting of the Company) that conflicts with the restrictions set out in (i) and (ii) above (together with (i) and (ii) above, “**Mr. Yuk’s Lock-up**”);
- (iv) The Company will not, and will procure all the relevant subsidiaries, directors, employees, consultants, agents or representatives of the Company not to, participate in any discussions or negotiations with any person, or inform any person in any other way (other than the Potential Purchaser and any person designated by the Potential Purchaser and its respective directors, employees, consultant, agents or representatives) to, directly or indirectly, sell, transfer or dispose of the Company’s assets and businesses (unless such sale is in the ordinary course of business of the Company and such sale will not constitute a frustrating action under Rule 4 of the Takeovers Code); and
- (v) The Company will not, and will procure all the relevant subsidiaries, directors, employees, consultants, agents or representatives of the Company not to, directly or indirectly, take any action (including voting at any shareholders or board meeting of the Company) that conflicts with the restrictions set out in (iv) above.

Extension of the New Exclusivity Period

Subject to the Potential Purchaser having, at the relevant time, provided Mr. Yuk with reasonable evidence that the Potential Purchaser (or any person designated by the Potential Purchaser) has sufficient financial resources to implement the Possible Offer as set out in the draft announcement submitted by the Potential Purchaser in respect of the Possible Offer pursuant to Rule 3.5 of the Takeovers Code (the “**Rule 3.5 Announcement**”):

- (i) If the Rule 3.5 Announcement has not been issued by 15 April 2020, the New Exclusivity Period shall be automatically extended in respect of Mr. Yuk’s Lock-Up to the earlier of: (i) the date of the publication of the Rule 3.5 Announcement, (ii) the date on which Mr. Yuk and the Potential Purchaser (or any person designated by the Potential Purchaser) have executed a legally binding agreement in respect of the Possible Offer, or (iii) only in the event that there occurs any circumstance which is not within the control of any party, nor caused by any party without the consent of the other parties and as a result of which the Rule 3.5 Announcement could not be issued without the parties making changes to the terms of the Possible Transaction which change would have a material and adverse impact in an amount exceeding US\$15 million (or its equivalent in any other currencies) on the economic interest of Mr. Yuk in connection with his equity interest in the Company as set out in the Rule 3.5 Announcement (such circumstance, a “**Material Circumstance**”) and the parties, after having used all reasonable endeavors to do so, shall fail to eliminate such Material Circumstance within 30 days after occurrence thereof (the “**Response Period**”), the day immediately after the end of the Response Period.
- (ii) Provided that no Material Circumstance occurs or each Material Circumstance that occurred shall have been eliminated in the Response Period, in consideration of the substantial time, resources and funds that have been invested by the Potential Purchaser in the due diligence, evaluation and negotiation of this Possible Offer, if, within 12 months after the signing of the Exclusivity Agreement, Mr. Yuk (whether directly, or indirectly through his affiliates or any other person) enters into any legally binding agreement relating to any transfer of his direct or indirect equity interest in the Company to any person other than the Potential Purchaser or its designated person, Mr. Yuk shall, within 5 days after entering such agreement, pay the Potential Purchaser an amount equal to US\$50 million in liquidated damages to compensate the Potential Purchaser for all the costs, expenses and other losses incurred or suffered by the Potential Purchaser.

Legal effect of the Exclusivity Agreement

The Exclusivity Agreement is legally binding on the parties.

As at the date of this announcement, negotiations are still in progress and there is no certainty (i) as to the terms of the Possible Offer and (ii) that the Possible Offer will proceed or that it will result in a binding agreement. There is no assurance that any negotiations mentioned in this announcement will either materialize or eventually be consummated and the negotiations may or may not lead to the making of a general offer for the Shares of the Company.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Share Disposal will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

Shareholders and potential investors of the Company should be aware that the Possible Offer may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

By order of the Board
Leyou Technologies Holdings Limited
Xu Yiran
Chairman and Chief Executive Officer

Hong Kong, 12 March 2020

As at the date of this announcement, the Board comprises Mr. Xu Yiran (Chairman and Chief Executive Officer), Mr. Li Yang (Deputy Chairman), 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 the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.