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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)

**(1) ANNOUNCEMENT PURSUANT TO RULE 3.7
OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND
THE INSIDE INFORMATION PROVISION
AND
(2) RESUMPTION OF TRADING**

This announcement is made by Leyou Technologies Holdings Limited (the “**Company**”) 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, 10 March 2020, 12 March 2020 and 9 April 2020 (the “**Announcements**”) in relation to, among others, the possible pre-conditional voluntary conditional offer to be made by iDreamSky Technology Holdings Limited for all the issued Shares of the Company (the “**Possible Offer**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE NEW MEMORANDUM OF UNDERSTANDING

The Board announces that it has been informed by Mr. Yuk Kwok Cheung Charles (“**Mr. Yuk**”), one of the controlling shareholders (as defined in the Listing Rules) of the Company, that on 29 April 2020 (after trading hours), Mr. Yuk and his wholly-owned companies, Port New Limited (“**Port New**”) and Novel New Limited (“**Novel New**”, together with Port New, the “**Selling Shareholders**”) entered into a memorandum of understanding (the “**New MOU**”) with Diandian Interactive Holding (the “**Potential Buyer**”), a wholly-owned subsidiary of Zhejiang Shiji Huatong Group Co., Ltd.* (浙江世紀華通集團股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE:002602), regarding the possible sale of certain or all of the issued share capital of the Company in which Mr. Yuk is interested (the “**New Possible Share Disposal**”).

As of the date of this announcement, Mr. Yuk is interested in 2,132,694,522 Shares in aggregate, which comprise of (i) 1,539,894,522 Shares held by Port New; (ii) 74,100,000 Shares held by Novel New; and (iii) 518,700,000 Shares held by Alpha Frontier Limited, of which Port New was granted an option to purchase all such Shares pursuant to a call option agreement dated 8 November 2018, representing approximately 69.20% of the issued share capital of the Company in aggregate.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Potential Buyer and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The New MOU sets forth the understanding between the parties and certain preliminary terms in relation to the New Possible Share Disposal.

Principal terms of the New MOU

The principal terms of the New MOU are set out as follows:

Sale Shares: The exact number of sale shares will be determined by the parties after the Potential Buyer being satisfied with the due diligence results.

The sale shares will be acquired free from any encumbrances or third-party rights and together with all rights which are on the date of the Formal Agreement (as defined below) or may at any time thereafter become attached to them, including the rights to all dividends and other distributions declared or paid by the Company subsequent to the date of the Formal Agreement.

Formal Agreement: It is the intention of the Selling Shareholders and the Potential Buyer to enter into a formal sale and purchase agreement (the “**Formal Agreement**”) in relation to the New Possible Share Disposal within 90 days from the execution of the New MOU (or such later date as the Selling Shareholders and the Potential Buyer may agree).

The Formal Agreement shall provide that completion of the New Possible Share Disposal is subject to the satisfaction or waiver of certain customary conditions precedent.

Earnest Money: The Potential Buyer has agreed to pay a sum of US\$80,000,000 as earnest money (the “**Earnest Money**”) after the execution of the New MOU to the Selling Shareholders.

If the Formal Agreement is entered into, the Earnest Money shall be applied towards partial payment of the consideration under the Formal Agreement.

The Earnest Money shall be refunded to the Potential Buyer on the date falling on the sixth months after the occurrence of any of the following events: (i) the Potential Buyer having terminated the New MOU as well as the New Possible Share Disposal by written notice to the Selling Shareholders prior to the entering into of the Formal Agreement; or (ii) no Formal Agreement is entered into within 90 days after the execution of the New MOU and parties having failed to agree upon extending the signing of the Formal Agreement.

Prior to the entering into of the Formal Agreement, the Selling Shareholders shall have the right to terminate the New MOU as well as the New Possible Share Disposal by written notice to the Potential Buyer. The Selling Shareholders shall refund the Earnest Money in full to the Potential Buyer upon giving such termination notice.

Exclusivity Period:

The Potential Buyer has been granted an exclusivity period of 90 days from the date on which the Selling Shareholders having received the Earnest Money (or such date on which the parties may agree to extend to or early terminate) (the “**Exclusivity Period**”).

During the Exclusivity Period, unless with the prior written consent of the Potential Buyer, the Selling Shareholders will not (i) sell, transfer, pledge or otherwise dispose of their Shares in the Company or interest therein directly or indirectly held by them to any party other than the Potential Buyer (or its designated nominee); or (ii) whether directly or indirectly via any companies of which they hold more than 30% or above voting rights, directors, shareholders, employees, consultants, agents or representatives, engage in any negotiations or discussions with, furnish any information to, or enter into any agreement, arrangement, memorandum of understanding with, or solicit proposal or offer from, any party other than the Potential Buyer (or its designated nominee), in respect of the disposal of their Shares in the Company or the businesses or assets of the Company.

Legal effect of the New MOU

The provisions in relation to the Earnest Money, Exclusivity Period, legal costs and expenses, legal effect and governing law are legally binding. Other provisions of the New MOU (including those relating to the entering into of the Formal Agreement) do not have any legally binding effect.

The New Possible Share Disposal is subject to further negotiation and the execution of the Formal Agreement between the Selling Shareholders and the Potential Buyer.

POSSIBLE GENERAL OFFER AND TAKEOVERS CODE IMPLICATIONS

Subject to the Formal Agreement being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, and should the Potential Buyer acquire 30% or more of the voting rights of the Company from Mr. Yuk, the Potential Buyer (and any parties acting in concert with it) would be required to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code and to make an appropriate offer to the holders of any convertible securities under Rule 13.1 of the Takeovers Code if and when the New Possible Share Disposal materialises and is completed.

The Board was informed by the Selling Shareholders that no formal agreements had been entered into in respect of the New Possible Share Disposal as at the date of this announcement and negotiations are still in progress, thus there is no certainty that the New Possible Share Disposal will proceed or that it would lead to a mandatory general offer under Rule 26.1 of the Takeovers Code.

In light of the exclusivity right granted in favour of the Potential Buyer under the New MOU, upon receipt of the Earnest Money, Mr. Yuk will be subject to the exclusivity obligation such that he will not, and will procure the Company not to engage in any further negotiations regarding the Possible Offer with iDreamSky Technology Holdings Limited during the Exclusivity Period. A further announcement in relation to the development of the Possible Offer is expected to be made by the Company upon receipt of the Earnest Money.

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. Each of the Possible Offer and New Possible Share Disposal is subject to further negotiation and the execution of binding agreement between the Selling Shareholders and the Potential Purchaser or the Potential Buyer.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Offer and New 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).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was halted with effect from 9:00 a.m. on 4 May 2020 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 May 2020.

Shareholders and potential investors of the Company should be aware that the Possible Offer and/or New Possible Share Disposal 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, 4 May 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.

* *For identification purpose only*