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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
LEYOU WORLD LIMITED**

THE DISPOSAL

The Board announces that on 18 August 2017 (after trading hours), the Company as the vendor and the Purchaser entered into the SP Agreement, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the Sale Shares at the Consideration of HK\$92,400,000 (equivalent to approximately RMB78,813,000).

Upon Completion, the Company will cease to have any equity interests in the Disposal Group. The financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE SP AGREEMENT

Date

18 August 2017

Parties

Vendor (i) the Company

Purchaser (ii) China RS Group Limited

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

Assets to be disposed of

The Sale Shares, representing the entire issued capital of Leyou World, with all the benefits thereof together with all rights attached thereto and free from all encumbrances.

Consideration

The Consideration of the Disposal of HK\$92,400,000 (equivalent to approximately RMB78,813,000) will be payable in full in cash in the following manner:

- (i) HK\$20,000,000 (equivalent to approximately RMB17,059,000) shall be paid by the Purchaser to the Company within 3 Business Days upon signing of the SP Agreement as the non-refundable deposit, which shall be utilized to set off part of the Consideration at Completion; and
- (ii) the remaining balance of the Consideration in the sum of HK\$72,400,000 (equivalent to approximately RMB61,754,000) shall be paid by the Purchaser to the Company on the date of Completion, which is no later than 31 August 2017 (or such other date as both the Company and the Purchaser may agree in writing)

The Consideration was determined after arm's length negotiations between the parties with reference to the net deficiency in assets of the Disposal Group as at 31 December 2016. Based on the aforesaid, the Directors are of the view that the Consideration is fair and reasonable.

Completion

Completion will take place no later than 31 August 2017 (or such other date as both the Company and the Purchaser may agree in writing) in accordance the SP Agreement. Upon Completion, the Company will cease to have any equity interests in the Disposal Group.

INFORMATION OF THE DISPOSAL GROUP AND THE PURCHASER

Leyou World is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding. The principal activities of the Disposal Group are engaged in the trading of electronic products in the People's Republic of China.

The Purchaser is a company incorporated in Hong Kong with limited liability and its principal activity is investment holding.

Set out below is the audited financial information of the Disposal Group for the two financial years ended 31 December 2016 and 2015 respectively:

	Financial year ended 31 December 2016 <i>(HK\$'000)</i>	Financial year ended 31 December 2015 <i>(HK\$'000)</i>
Net profit/(loss) before taxation and extraordinary items	2,748	-3,930
<i>(equivalent to approximately RMB'000)</i>	<i>(2,344)</i>	<i>(-3,352)</i>
Net profit/(loss) after taxation and extraordinary items	2,721	-3,930
<i>(equivalent to approximately RMB'000)</i>	<i>(2,321)</i>	<i>(-3,352)</i>

The audited consolidated net deficiency in assets of the Disposal Group as at 31 December 2016 was HK\$13,066,000 (equivalent to approximately RMB11,145,000).

FINANCIAL EFFECT OF THE DISPOSAL

Taking into account of the Consideration, the waiver of amount due from Disposal Group of HK\$106,414,000 (equivalent to approximately RMB90,766,000) and based on the audited net deficiency in assets of the Disposal Group as at 31 December 2016 of HK\$13,066,000 (equivalent to approximately RMB11,145,000), the Group is expected to record a loss on disposal of HK\$948,000 (equivalent to approximately RMB808,000).

Upon Completion, the Company will cease to have any equity interests in the Disposal Group. The financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

Based on the above, it is expected that the Disposal would not have material impact on the consolidated financial position of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in development, distribution and operations of online games. The Directors are of the view that the Disposal is in line with the above principal activities and would be beneficial to the Company and its shareholders as a whole.

The Directors believe that the Disposal will enhance the cash flows of the Group. The Disposal will allow the Group to redeploy its resources to working capital or investment in existing and future projects which will offer a better and more attractive return to the Group, and benefit the Company and its shareholders as a whole.

Having considered the above, the Board considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	Leyou Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1089)
“Completion”	completion of the Disposal in accordance with the SP Agreement
“Consideration”	the sum of HK\$92,400,000, being the total consideration payable by the Purchaser to the Company for the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, representing the entire issued share capital of Leyou World, subject to the terms and conditions of the SP Agreement
“Disposal Group”	Leyou World and its subsidiary
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leyou World”	Leyou World Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Purchaser”	China RS Group Limited, a company incorporated in Hong Kong with limited liability

“Sale Shares”	the entire issued share capital of Leyou World
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SP Agreement”	the agreement dated 18 August 2017 entered into between the Company as the vendor and the Purchaser in relation to the Disposal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB 1 = HK\$1.1724. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.

By order of the Board
Leyou Technologies Holdings Limited
Xu Yiran
Executive Director

Hong Kong, 18 August 2017

As at the date of this announcement, the Board comprises Mr. Lin Qinglin, Mr. Xu Yiran, Mr. Wu Shiming and Mr. Gu Zhenghao 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.