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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)

**VERY SUBSTANTIAL DISPOSAL
AND
CONNECTED TRANSACTIONS RELATING TO
DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY
AND
PROVISION OF FINANCIAL ASSISTANCE
TO A CONNECTED PERSON**

THE SALE AND PURCHASE AGREEMENT

On 10 August 2016 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of the Target Company at a consideration of RMB215,000,000 (equivalent to approximately HK\$258,000,000), subject to the terms and conditions of the Sale and Purchase Agreement. Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

SETTLEMENT OF THE CURRENT ACCOUNT BALANCE

As at the date of this announcement, the Target Company was indebted to other members of the Group for approximately RMB236,111,000 (equivalent to approximately HK\$283,333,200), being the Current Account Balance. Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the Target Company to repay the Current Account Balance and any interests accrued thereon within one month (which can be extended upon agreement between the Company and the Purchaser) from the date of Completion. The Company will be entitled to an interest of 10% per annum on the outstanding amount of the Current Account Balance from the date of the Completion until the Current Account Balance is fully repaid.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio for the transaction contemplated under the Sale and Purchase Agreement is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

Since the Purchaser is an associate of an executive Director, Mr. Lin Qinglin, being a connected person of the Company, the Purchaser is a connected person of the Company pursuant to Rule 14A.07 the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition, upon Completion, the Target Company, being a company wholly-owned by the Purchaser, who is the spouse of Mr. Lin Qinglin, an executive Director, will become a connected person of the Company. Accordingly, the outstanding Current Account Balance owed by the Target Company to the Company will constitute financial assistance provided by the Company to a connected person pursuant to Chapters 14 and 14A of the Listing Rules.

Therefore, the Disposal and the extension of the Current Account Balance are subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules and will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

The Company has been informed by the Stock Exchange that, based on the information available to them, it has concerns that the transaction contemplated under the Main SPA, and (i) the acquisition of the 97% equity interest in Digital Extremes in aggregate, which were completed on 21 July 2015 and 22 May 2016, respectively; (ii) the acquisition of the equity interests of Huizhou Zhibin Technology Ltd.* (惠州智彬科技有限公司) as disclosed in the Company's announcement dated 10 March 2016; and (iii) the Disposal, taken together, may constitute a reverse takeover under Rule 14.06(6) of the Listing Rules and an attempt to list the Company's video gaming business. The Company is in communication with the Stock Exchange in this regard and will provide further updates to Shareholders and potential investors by way of announcement(s) as and when appropriate.

As the Disposal, extension of the Current Account Balance and/or any other transactions contemplated under the Main SPA may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

GENERAL

A EGM will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, and the extension of the Current Account Balance.

A circular containing, among others, (i) further details of the Disposal, (ii) financial and other information of the Target Company, (iii) unaudited pro forma financial information of the Group upon Completion, (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (vi) a notice of EGM, will be despatched to the Shareholders as soon as practicable, which is currently expected to be on or about 30 September 2016, which is more than 15 Business Days after the publication of this announcement, to allow sufficient time for the preparation of the relevant information to be included in the circular.

THE DISPOSAL

The sale and purchase agreement

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 10 August 2016 (after trading hours)

Parties: (1) the Company as the vendor; and
(2) Ms. Fu Jianping as the Purchaser

Assets to be disposed of

Immediately before Completion, the Target Company was owned as to 100% by the Company. The Purchaser has agreed to acquire, and the Company has agreed to sell the entire issued share capital of the Target Company.

Conditions Precedent

Completion shall be conditional upon and subject to:

- (A) the clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the Listing Rules and granting of all approvals, if necessary by the Stock Exchange or by the Shareholders in respect of all transactions contemplated by the Sale and Purchase Agreement;
- (B) the Purchaser undertaking a due diligence investigation in respect of the Target Company and its business including but not limited to the financial affairs, business, assets, results, legal and financing structure of the Target Group and the Purchaser being in its reasonable discretion satisfied with the results of such due diligence investigation;
- (C) the Stock Exchange not deemed the Company to be a “cash company” for the purpose of the Listing Rules or having insufficient operations under Rules 14.82, 14.83 and 14.84 of the Listing Rules;

- (D) no event having occurred since the date of signing of the Sale and Purchase Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Group and such material adverse effect shall not have been caused;
- (E) the passing by the Shareholders at EGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder;
- (F) the representations and warranties set out in the Sale and Purchase Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of signing of the Sale and Purchase Agreement and Completion;
- (G) all reasonably relevant approvals, consents, licences and/or permits in relation to the transaction contemplated hereunder, having been obtained;
- (H) all approvals, consents, qualifications having been obtained by the Target Company; and
- (I) the necessary filing in the Commerce Department and other necessary departments in the PRC department for the transfer of ultimate shareholder the Target Company which is a sino-foreign JV company.

To the best knowledge of the Directors, no specific approvals, consents, licenses and/or permits in relation to the transaction contemplated under the Sale and Purchase Agreement is required.

If the Conditions Precedent (other than condition (A)) have not been fulfilled or waived by the Purchaser on or before 30 September 2016 (or such other date as the parties may agree), the Sale and Purchase Agreement (other than the clauses regarding condition precedents, announcements, costs, notices and governing law and service of process) shall lapse and thereafter none of the parties shall have any obligations and liabilities towards each other under the Sale and Purchase Agreement.

Consideration

The Consideration payable by the Purchaser for the Disposal shall be RMB215,000,000 (equivalent to approximately HK\$258,000,000) in cash and shall be settled on the date of Completion.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms, taking into account: (i) the unaudited net asset value of the Target Group of approximately RMB198,822,000 (equivalent to approximately HK\$238,586,400) as at 31 March 2016, (ii) a preliminary valuation of the fair value of the Target Group as at 31 March 2016 of approximately RMB147,000,000 (equivalent to approximately HK\$176,400,000) performed by Grant Sherman Appraisal Limited (the "**Valuer**"), an independent professional valuer, and (iii) the cost incurred by the Group in relation to the Disposal. In arriving at the valuation, the Valuer has adopted the adjusted net asset value method under the asset-based approach. The Consideration for the Disposal was determined after arm's length negotiations which is higher than the net asset value of the Target Group and the preliminary fair value of the Target Group from the valuation conducted by the Valuer.

Completion

Subject to fulfillment of the Conditions Precedent, Completion shall take place at the Company's office on the fifth Business Day after the fulfillment or waiver of the last of the Conditions Precedent or at such other place or time as the parties agree.

Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

SETTLEMENT OF THE CURRENT ACCOUNT BALANCE

As at the date of this announcement, the Target Company was indebted to other members of the Group for approximately RMB236,111,000 (equivalent to approximately HK\$283,333,200), being the Current Account Balance. Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the Target Company to repay the Current Account Balance and any interests accrued thereon within one month (which can be extended upon agreement between the Company and the Purchaser) from the date of Completion. The Company will be entitled to an interest of 10% per annum on the outstanding amount of the Current Account Balance from the date of the Completion until the Current Account Balance is fully repaid.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI on 5 April 2000 and, together with its subsidiaries, are principally engaged in the trading, manufacturing and supply of chicken meat products in Fujian.

The Target Company and its subsidiaries are also the supplier of chicken meat to KFC, Dicos and Mckey and other retail and quick-service restaurants with customers mainly from Fujian in the PRC.

The following information is a summary of the net profit before and after tax of the Target Group for the financial year ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 (unaudited) RMB('000) (approx.)	For the year ended 31 December 2015 (unaudited) RMB('000) (approx.)
Net profit/(loss) before tax	12,740	(52,686)
Net profit/(loss) after tax	12,231	(55,981)

As at 31 December 2015 and 31 March 2016, the unaudited consolidated net asset value of the Target Group were approximately RMB206,520,000 and RMB198,822,000, respectively.

The capacity and the utilization rate of the Target Group's production facilities as at 31 December 2014 and 2015 respectively, are as follows:

	31 December 2014	31 December 2015
Slaughtering and processing plant		
– production capacity (broilers)	33,480,000	37,900,000
– utilization rate	93%	105.28%
Broiler breeding farms		
– production capacity (sets)	5,260,000	5,780,000
– utilization rate	73.16%	80.39%
Hatching facility		
– production capacity (chicken breeds)	36,960,000	40,630,000
– utilization rate	68.37%	75.16%
Animal feeds production facility		
– production capacity (tonnes)	148,000	151,000
– utilization rate	82.22%	83.89%

Notwithstanding the capacity and utilization rate of the Target Group's production facilities were higher in 2015, as compared to that of 2014, the Target Group suffered loss for the year ended 31 December 2015 primarily due to the impacts on avian influenza and competition from fastgrowing chicken, which was consistent with the widespread loss experienced by the broiler industry in 2015, and such loss was not caused by the Directors scaling down the business of the Target Group during 2015.

INFORMATION OF THE GROUP

As at the date of this announcement, the Group is principally engaged in the trading, manufacturing and supply of chicken meat product, animal feeds and chicken breeds and development of video games and video games related products.

BACKGROUND OF, REASONS FOR AND BENEFITS OF THE DISPOSAL

The poultry business has been the principal business of the Group since the Company's listing in 2011, and represented the largest portion of the revenue of the Group for the year ended 31 December 2015. As mentioned in the interim results announcement of the Company for the six months ended 30 June 2014, the Group's financial and business performance were adversely affected by the outbreak of H7N9 virus, which occurred in the first half of 2013. The price and overall demand for the Group's chicken meat products had decreased. To mitigate negative impact from future unexpected bird flu epidemics or other poultry virus outbreaks, the Group diversified its business into video gaming business by acquiring 58% of Digital Extremes Ltd. in October 2014, the completion of which took place in July 2015. Since then, the performance of the gaming business has been encouraging and adding confidence to the Board as to the future prospects and development of the Group.

For the year ended 31 December 2015, the gross profit attributable by the video gaming business amounted to approximately RMB170.21 million (2014: nil), accounted for approximately 70% of the overall gross profit of the Group in 2015. On the contrary, notwithstanding the utilization rates of the production facilities of the poultry business have increased in 2015 as compared to that of 2014, the performance of the poultry business of the Group has been deteriorating. For each of the years ended 31 December 2014 and 2015, the aggregate revenue of the poultry business amounted to approximately RMB1,226.08 million and RMB1,283.14 million, respectively, representing an increase of approximately 4.65%, while the gross profit of the poultry business has decreased from approximately RMB110.47 million in 2014 to approximately RMB74.06 million in 2015, representing a decrease of approximately 32.96%. In light of the continuously and increasingly poor performance of the poultry business and the better than expected performance of the video games business, toward the end of April 2016, the Board had a discussion about the future direction and prospect of the Group, weighed the costs and benefits of continuing or discontinuing the poultry business, and considered different alternatives to minimize the loss of the poultry business, including scaling down or disposing the poultry business.

By the end of April 2016, the Purchaser, the spouse of Mr. Lin Qinglin, an executive Director, approached the Board and expressed her interest in acquiring the poultry business from the Group. As the Purchaser considered that the different elements of the poultry business of the Group are integral parts of the same value chain, she indicated to the Group that she would only be interested to acquire the poultry business of the Group in its entirety. After further discussions and negotiations between the Company and the Purchaser to finalise the commercial terms thereof, the parties entered into the Sale and Purchase Agreement on 10 August 2016.

Despite that the offer from the Purchaser was the only offer received by the Board, the Board is fully aware of its fiduciary duties in assessing the merits of the terms of the Sale and Purchase Agreement and due procedures has been and will be followed. At the board meeting of the Company held for considering the Disposal, Mr. Lin Qinglin had abstained from voting. When arriving at the terms of the Disposal, the Board has also taken into account of the financial performance and estimated book value of the Target Group as at 31 March 2016 and has engaged the Valuer, being an independent professional appraiser, to conduct a preliminary valuation of the Target Group.

The Directors consider that divesting the loss-making poultry business by way of the Disposal is a responsible decision to efficiently manage the resources of the Group, and represents a lucrative opportunity for the Group to realise its investment in the business of supply of chicken meat products so as to enable the Group to re-allocate and focus more financial resources on its businesses of electronic products, software and hardware of computer and game. It also improves the Company's profitability by removing the loss incurred from the poultry business. Furthermore, the Consideration is higher than the net asset value of the Target Group as at 31 March 2016 and the preliminary valuation conducted by the Valuer of the Target Group as at 31 March 2016.

In view of the above, the Directors (other than the independent non-executive Directors whose view will be provided in the circular pending advice from the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and taking into account, in particular, the expected gain to be recorded from the Disposal, the Sale and Purchase Agreement are in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be subsidiaries of the Group and their financial results will cease to be consolidated into the financial statements of the Group.

It is expected that the Group will record a gain on disposal of approximately RMB34,000,000 (equivalent to approximately HK\$40,800,000) as a result of the Disposal which represents the difference between the Consideration to be received by the Company from the Disposal after the deduction of estimated transaction cost for the Disposal and the net asset value of the Target Group and the release of the relevant reserves as at 31 March 2016.

The actual gain or loss in connection with the Disposal may be different from the above and will be assessed after Completion and is subject to the review by auditors.

USE OF PROCEEDS

It is expected that the Company will receive net cash proceeds of approximately RMB212,000,000 (equivalent to approximately HK\$254,400,000) from the Disposal. The Group intends to apply RMB200,000,000 (equivalent to approximately HK\$240,000,000) of such proceeds for the redemption of the fixed coupon redeemable bond as disclosed in the announcement made by the Company dated 28 April 2016 in relation to the issuance of redeemable bond and the remaining RMB12,000,000 (equivalent to approximately HK\$14,400,000) will be used as general working capital of the Group in the businesses of electronic products, software and hardware of computer and game.

FUTURE INTENTION OF THE COMPANY

Acquisitions

The Company will continue to look for investing opportunities in relation to the gaming business which have synergies with the current gaming business of the Group or to increase its market share in the global gaming business. The Company also intends to invest in the current gaming business and open up greater markets for its current products. As at the date of this announcement, the Group has entered into the following agreements and/or arrangements for potential acquisition of businesses:

1. as disclosed in the announcement of the Company dated 1 April 2015, the Company has entered into a term sheet dated 31 March 2015 with Ledo Millennium Co., Ltd., in relation to a potential investment in a renowned Japanese video game developer. As disclosed in the announcement of the Company dated 10 August 2015, such possible acquisition was terminated on 10 August 2015;
2. as disclosed in the announcements of the Company dated 28 July 2015, 30 May 2016 and 3 July 2016, the Company, Radius Maxima Limited (a wholly-owned subsidiary of the Company, as the purchaser.) and Paul Wedgwood (as the vendor) has entered into a conditional sale and purchase agreement (i.e. the Main SPA) pursuant to which Radius Maxima Limited has conditionally agreed to acquire from Paul Wedgwood the entire issued share capital of Splash Damage Limited, Fireteam Limited and Warchest Limited, which companies are principally engaged in the business of video game development and video game server technology. Such acquisition constitutes a major acquisition of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. As at the date of this announcement, the Company is in communication with the Stock Exchange in relation to the Listing Rules implications in connection with the Main SPA and the transactions contemplated thereunder, and also in the process of (i) addressing the concerns from

the Stock Exchange in respect of the reverse takeover implications of such acquisition; and (ii) preparing and finalising the content of the relevant circular to be despatched to the Shareholders. The Company will keep Shareholders and potential investors updated of the latest development in this regard by way of announcement(s) as and when appropriate;

3. as disclosed in the announcement of the Company dated 3 September 2015, the Company has entered into a term sheet dated 3 September 2015 in relation to the possible acquisition of an European video game developer and publisher. As at the date of this announcement, there has been little progress on this possible acquisition; and
4. the Company has entered into a letter of intent dated 28 January 2016 and subsequently a equity transfer agreement dated 10 March 2016 as disclosed in the announcements of the Company dated 28 January 2016 and 10 March 2016, respectively, in relation the acquisition of Huizhou Zhibin Technology Ltd. As at the date of this announcement, the Group is in the process of registering the equity transfer agreement with the local Administration of Industry and Commerce and obtaining the new business licenses of the target company;
5. as disclosed in the announcement of the Company dated 4 July 2016, Dream Beyond Holdings Limited (a wholly-owned subsidiary of the Company, as the purchaser) and Mr. Xu Liang (as the vendor) has entered into a memorandum of understanding in respect of the possible acquisition of Global Parade Investment Limited, which indirectly owns a company incorporated in the PRC which is the potential purchaser of Beijing Jiaxin Hesheng Yidong Tongxin Keji Co., Ltd.* (北京嘉信合勝移動通信科技有限公司), being a company incorporated in the PRC which is principally engaged in provision of high technology services to mobile game developers and online gaming companies in the PRC. As at the date of this announcement, negotiations among the parties are still ongoing and further announcement(s) will be made as and when appropriate.

Save for the aforesaid, the Board has no other arrangement or agreement on any injection of other new business to the Group as at the date of this announcement.

To the best knowledge and information of the Directors, the counterparties of each of the agreements disclosed above are independent third parties not connected with the Company and its connected person; and not connected with each other.

Fund Raising and Shareholding Structure

The Group explores acquisition and business cooperation opportunities and discusses and negotiates with different parties on potential business opportunities from time to time. If any such transactions would be materialized, the Board may consider different capital raising alternatives to finance such transactions, including debt and/or equity financing, and if an equity financing method such as placement of Shares is adopted, the shareholding structure of the Company will change. Nevertheless, the Company has no current plan to conduct any equity fund raising as at the date of this announcement.

In addition, as confirmed by Mr. Hsiao Shih Jin (“**Mr. Hsiao**”), the single largest Shareholder as at the date of this announcement, he has no intention to increase his shareholding in the Company. Mr. Hsiao and each of the vendors (the “**DE Vendors**”) of Digital Extremes who disposed of their respective shareholdings of Digital Extremes to the Company dated 14 October 2014 and 28 April 2016 respectively further confirmed that there is no relationship between Mr. Hsiao and the DE Vendors.

Board Structure

In addition, no Director has current intention to resign from the Board before or within 12 months after completion. The Board also has no current intention to appoint any additional Directors.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio for the transaction contemplated under the Sale and Purchase Agreement is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

Since the Purchaser is an associate of an executive Director, Mr. Lin Qinglin, being a connected person of the Company, the Purchaser is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition, upon Completion, the Target Company, being a company wholly-owned by the Purchaser, who is the spouse of Mr. Lin Qinglin, an executive Director, will become a connected person of the Company. Accordingly, the outstanding Current Account Balance owed by the Target Company to the Company will constitute financial assistance provided by the Company to a connected person pursuant to Chapters 14 and 14A of the Listing Rules.

Therefore, the Disposal and the extension of the Current Account Balance are subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules and the resolution(s) approving the Disposal and the extension of the Current Account Balance will be voted on by the Independent Shareholders by poll at the EGM.

The Company has been informed by the Stock Exchange that, based on the information available to them, it has concerns that the transaction contemplated under the Main SPA, and (i) the aggregate acquisition of the 97% equity interest in Digital Extremes Ltd. which were completed on 21 July 2015 and 22 May 2016, respectively; (ii) the acquisition of the equity interests of Huizhou Zhibin Technology Ltd.* (惠州智彬科技有限公司) as disclosed in the Company's announcement dated 10 March 2016; and (iii) the Disposal, taken together, may constitute a reverse takeover under Rule 14.06(6) of the Listing Rules and an attempt to list the Company's video gaming business. The Company is in communication with the Stock Exchange in this regard and will provide further updates to Shareholders and potential investors by way of announcement(s) as and when appropriate.

As the Disposal, extension of the Current Account Balance and/or any other transactions contemplated under the Main SPA may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, and the extension of the Current Account Balance. An Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement, and the extension of the Current Account Balance are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. An announcement will be made by the Company upon the appointment of the Independent Financial Adviser.

The EGM will be convened as soon as practicable at which ordinary resolution(s) will be proposed for the Independent Shareholders to consider, and if thought fit, to approve among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Disposal, (ii) financial and other information of the Target Company, (iii) unaudited pro forma financial information of the Group upon Completion, (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders; and (vi) a notice of EGM, will be despatched to the Shareholders as soon as practicable, which is currently expected to be on or about 30 September 2016, which is more than 15 Business Days after the publication of this announcement, to allow sufficient time for the preparation of the relevant information to be included in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day, not being a Saturday or a Sunday, on which banks are open for business (including for dealings in foreign currency deposits and exchange) in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Leyou Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Condition(s) Precedent”	condition(s) precedent to the Completion under the Sale and Purchase Agreement
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	RMB215,000,000 (equivalent to HK\$258,000,000) payable by the Purchaser to the Company in cash on Completion

“Current Account Balance”	the amount of approximately RMB236,111,000 (equivalent to approximately HK\$283,333,000) due from the Target Group to the Company
“Digital Extremes”	Digital Extremes Ltd., a 97% indirect non-wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Company, together with its subsidiaries, by the Company to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to, among others, considering and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interest in the Disposal, namely, Mr. Hu Chung Ming, Mr. Chau On Ta Yuen, Mr. Chan Chi Yuen and Mr. Yang Chia Hung
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders who are not interested in or involved in the Sale and Purchase Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main SPA”	the conditional sale and purchase agreement dated 1 July 2016 entered into between Paul Wedgwood, Radius Maxima Limited and the Company in respect of the sale and purchase of the equity interests in Splash Damage Limited, Fireteam Limited and Warchest Limited respectively. Further information of which is set out in the announcement of the Company dated 3 July 2016
“poultry business”	comprising the three business segments of the Group namely chicken meat products, animal feeds and chicken breeds
“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administration Region of the People’s Republic of China and Taiwan
“Purchaser”	Ms. Fu Jianping, the spouse of an executive Director, Mr. Lin Qinglin, being a connected person of the Company
“Sale and Purchase Agreement”	a sale and purchase agreement dated 10 August 2016 entered into between the Purchaser and the Company in relation to the proposed disposal of the entire equity interests in the Target Company
“Shareholder(s)”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Sumpo International Holdings Limited, a company incorporated in the BVI on 5 April 2000
“Target Group”	the Target Company and its subsidiaries from time to time
“%”	per cent

For illustration purposes, the exchange rate of approximately RMB1 = HK\$1.20 is used throughout this announcement. This exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or other rate at all.

By order of the Board
Leyou Technologies Holdings Limited
Law Kin Fat
Vice Chairman

Hong Kong, 10 August 2016

As at the date of this announcement, the Board comprises Mr. Lin Qinglin, Mr. Law Kin Fat, Mr. Wu Shiming, Mr. Wong Ka Fai Paul and Mr. Hsiao Shih-Jin as executive Directors, Mr. Eric Todd as non-executive Director, and Mr. Hu Chung Ming, Mr. Chan Chi Yuen and Mr. Yang Chia Hung as independent non-executive Directors.

* *For identification purpose only*