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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)

PROFIT WARNING

This announcement is made by Leyou Technologies Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary assessment of the unaudited consolidated management accounts of the Company for the year ended 31 December 2019 and other information currently available, the Group expects to record a loss for the year in the range of approximately US\$4.0 million to US\$8.0 million as compared to the profit for the year of US\$20.4 million recorded in the consolidated financial statements of the Company for the year ended 31 December 2018. This was primarily attributable to (i) a decrease in revenue of the Group due to fewer content update release of our flagship product Warframe during the year; (ii) an increase in selling and marketing expenses as the Group has engaged in more extensive advertising and promotion activities during the year; and (iii) a turnaround of net foreign exchange difference from a gain in 2018 to a loss in 2019 as a result of the depreciation of the foreign currencies against Canadian Dollars as at 31 December 2019.

The information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Company and the information currently available to the Board, which have not been reviewed by the audit committee of the Company and may be subject to adjustments. The final audited consolidated results of the Company for the year ended 31 December 2019 are expected to be published in late March 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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 and 12 March 2020 (the “**Announcements**”) in relation to, among others, the Possible Transactions.

The profit warning included in this announcement (the “**Profit Warning**”) constitutes a profit forecast under Rule 10 of The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong and should be reported on by the Company’s financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders. The Profit Warning will be reported on by the Company's financial advisers and auditors or accountants as soon as possible in compliance with the Takeovers Code and such reports will be contained in the next document to be issued by the Company to the Shareholders (the "**Shareholders' Document**"). However, if the annual results for the year ended 31 December 2019 which fall within the ambit of Rule 10.9 of the Takeovers Code have been published by the time of release of the next Shareholders' Document and the relevant results together with the notes to the financial statements are included in the next Shareholders' Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

WARNING:

Shareholders and potential investors of the Company should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Possible Transactions (as defined in the Announcements). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers. Shareholders and potential investors of the Company should exercise caution when 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, 17 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 Directors, 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.