# Feiyu Technology International Company Ltd.
# 飛魚科技國際有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1022)**

## PROFIT WARNING

This announcement is made by Feiyu Technology International Company Ltd. (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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and its potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2017 and the information currently available, it is anticipated that the Group may record a loss attributable to owners of the parent of the Company of approximately RMB320 million to RMB390 million for the year ending 31 December 2017 under the International Financial Reporting Standards (the "**IFRSs**") as compared to a loss attributable to owners of the parent of the Company of approximately RMB151.0 million for the year ended 31 December 2016. Without taking into account the share-based compensation of approximately RMB26 million, amortisation of intangible assets recognised for acquisitions of approximately RMB3.6 million and impairment loss of goodwill recognised for Carrot Fantasy cash-generating unit ("**CGU**") of approximately RMB250 million to RMB300 million, it is anticipated that the Group may record an adjusted loss attributable to owners of the parent of the Company of approximately RMB40 million to RMB60 million for the year ended 31 December 2017 under the non-IFRSs measures.

The expected increase in loss attributable to owners of the parent of the Company is primarily due to the following factors:

a) substantial decrease in revenue due to:
   i) decrease in revenue of the Group's existing games as they reached mature stages of their product life cycles;
   ii) the newly launched games in 2017 were underperformed; and
   iii) delay in launching new games due to the Group's strategic decision to invest additional development time and resources to enhance the quality of such games;

b) an increase in impairment loss of goodwill to be made of approximately RMB144 million to RMB194 million which is related to goodwill recognised in 2013 pursuant to our acquisition of Beijing Kailuo Tianxia Technology Co., Ltd. ("**Kailuo Tianxia**") as disclosed in the prospectus dated 25 November 2014 issued by the Company as compared to impairment loss of goodwill of RMB106 million made for the year ended 31 December 2016. The impairment loss of goodwill to be made was due to the recoverable amount of the Carrot Fantasy CGU to which the goodwill related was less than the carrying amount of the goodwill. The delayed launch of new games by Kailuo Tianxia and underperformance of the games at testing stage were considered as indication of impairment for the goodwill aforementioned.

As at the date of this announcement, the Company is still gathering information to finalise the annual results of the Group for the year ended 31 December 2017. Information contained in the announcement is only a preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2017 and the information currently available, which have not been reviewed or audited by the auditor of the Company or confirmed by the audit committee of the Board and may be subject to changes. Further information of the Group's financial information will be disclosed in the announcement on the annual results of the Group for the year ended 31 December 2017, which is expected to be published before the end of March 2018.

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

By Order of the Board
**Feiyu Technology International Company Ltd.**
**YAO Jianjun**
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 6 December 2017

*As at the date of this announcement, the Board comprises Messrs. YAO Jianjun, CHEN Jianyu, BI Lin, LIN Jiabin and LIN Zhibin, as executive Directors; and Ms. LIU Qianli, and Messrs. LAI Xiaoling and MA Suen Yee Andrew, as independent non-executive Directors.*