

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 of directors of the Company (the “**Board**”) 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 year ended 31 December 2021 and the information currently available, it is anticipated that the Group may record a net loss ranging from approximately RMB69.0 million to RMB89.0 million for the year ended 31 December 2021 as compared to a net loss of approximately RMB18.1 million for the year ended 31 December 2020.

The expected increase in net loss is primarily due to the following factors:

- a) delay in launching new key games due to the Group’s strategic decision to invest additional development time and resources to enhance the quality of such new key games as well as the freeze on approval of new game licenses in the second half of 2021.
- b) an impairment loss of goodwill of approximately RMB8.7 million to be made which is due to the recoverable amount of a cash-generating unit (“**CGU**”) to which the goodwill relates is expected to be less than the carrying amount of the goodwill. The underperformance in revenue generating activities of the CGU during the second half of 2021 was considered as an indication of the impairment for the goodwill aforementioned.

- c) an impairment loss of investment in associate of approximately RMB7.7 million to be made which is due to the recoverable amount of the investment is expected to be less than its carrying amount. The intention of the game publisher to terminate the game distribution agreement of the associate in January 2022 was considered as an indication of the impairment for the investment in associate aforementioned.
- d) a significant increase in staff costs because the Company set up a new development team in late 2020 to focus on developing a first-person shooter game, which is one of the major areas the Group focuses on. The increase in staff costs was also because there was a social insurance exemption due to the COVID-19 pandemic for the year ended 31 December 2020, while there was no such exemption for the year ended 31 December 2021.

Nevertheless, it is expected that the additional time and resources invested or to be invested in our key new games will enable the Company to achieve increasingly solid performance going forward. The sequels to two existing hit titles, Carrot Fantasy IV (保衛蘿蔔4) and Shen Xian Dao III (神仙道3), are currently under testings and are expected to launch in 2022. As such, barring unforeseen circumstances, the Board is hopeful that the Group's operating results will be improved in 2022.

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 2021. Information contained in this announcement is only a preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 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 2021, which is expected to be published by the end of March 2022.

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, 11 February 2022

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.