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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)

DISCLOSEABLE TRANSACTION FURTHER INVESTMENT IN TAP TAP

FURTHER INVESTMENT IN THE TARGET

Reference is made to the announcement of the Company dated 11 May 2017 (the “**Announcement**”) in relation to, among other matters, the Company, through one of its wholly-owned subsidiaries, Xiamen Youli, entering into the Investment Agreement to inject RMB50.0 million in cash into Ewan, as a result of which Xiamen Youli holds 4.54% of the equity interests in Ewan upon completion of the Investment Agreement on 1 June 2017 (the “**Previous Investment**”). Capitalised terms used herein shall bear the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board is pleased to announce that, on 21 June 2018, the Company, through Xiamen Youli, entered into a capital injection agreement (the “**Capital Injection Agreement**”) as one of the existing shareholders and one of the investors of Ewan, pursuant to which Xiamen Youli will further inject RMB4.54 million in cash into Ewan. As at the date of this announcement and immediately prior to completion of the Capital Injection, Xiamen Youli owns 4.54% equity interest in Ewan. Immediately after completion of the Capital Injection, Ewan will be owned as to 4.34% by Xiamen Youli.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the capital contribution under the Investment Agreement and the Capital Injection under the Capital Injection Agreement on an aggregate basis is more than 5% but less than 25%, the Previous Investment and the Further Investment on an aggregate basis constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Company, through one of its wholly-owned subsidiaries, Xiamen Youli, entering into the Investment Agreement to inject RMB50.0 million in cash into Ewan, as a result of which Xiamen Youli holds 4.54% of the equity interests in Ewan upon completion of the Investment Agreement on 1 June 2017.

The Board is pleased to announce that, on 21 June 2018, the Company, through Xiamen Youli, entered into the Capital Injection Agreement as one of the existing shareholders and one of the investors of Ewan, pursuant to which Xiamen Youli will further inject RMB4.54 million in cash into Ewan. Upon completion of the Capital Injection, the equity interests of Xiamen Youli in Ewan will reduce from 4.54% to 4.34%.

THE CAPITAL INJECTION AGREEMENT

Set out below is a summary of certain key terms of the Capital Injection Agreement.

Date

21 June 2018

Parties

The investment target: Ewan

The existing shareholders of Ewan:

1. Huang Xiwei (黃希威) and Zhang Qian (張乾) (the “**Founder**”);
2. XD;
3. Huzhou Yixin Investment Management Partnership (Limited Partnership) (湖州易心投資管理合夥企業(有限合夥));
4. Xiamen Geecap Equity Investment Co., Ltd. (廈門吉相股權投資有限公司, “**Xiamen Geecap**”), a wholly owned subsidiary of G-bits Network Technology (Xiamen) Co., Ltd.;
5. Xiamen Youli;
6. Zhuhai Anran Investment Enterprise (Limited Partnership) (珠海安然投資企業(有限合夥)); and
7. Shanghai Xinhe Business Consulting Partnership (Limited Partnership) (上海芯赫商務諮詢合夥企業(有限合夥)).

The investors:

(i) XD; (ii) Xiamen Geecap; (iii) Xiamen Youli; and (iv) Hangzhou Bobo Technology Co., Ltd. (杭州播播科技有限公司, “**Hangzhou Bobo**”), a limited liability company established in the PRC.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Ewan, its existing shareholders (save for Xiamen Youli), the investors under the Capital Injection Agreement and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Capital Injection

In accordance with the terms and conditions of the Capital Injection Agreement, the investors have agreed to contribute an aggregate of RMB200,000,000.00 to Ewan, of which RMB165,414.00 will be contributed towards the registered capital of Ewan, and the remaining portion will be contributed to the capital reserve of Ewan. Set out below is a capital injection summary of the investors.

- (i) XD will contribute RMB100,000,000.00 to Ewan, of which RMB82,706.00 will be contributed towards the registered capital of Ewan, and the remaining portion will be contributed to the capital reserve of Ewan;
- (ii) Xiamen Geecap will contribute RMB45,460,000.00 to Ewan, of which RMB37,599.00 will be contributed towards the registered capital of Ewan, and the remaining portion will be contributed to the capital reserve of Ewan;
- (iii) Xiamen Youli will contribute RMB4,540,000.00 to Ewan, of which RMB3,755.00 will be contributed towards the registered capital of Ewan, and the remaining portion will be contributed to the capital reserve of Ewan; and
- (iv) Hangzhou Bobo will contribute RMB50,000,000.00 to Ewan, of which RMB41,354.00 will be contributed towards the registered capital of Ewan, and the remaining portion will be contributed to the capital reserve of Ewan.

The amount of capital contribution under the Capital Injection Agreement was determined after arm’s length negotiation among the parties thereto with reference to the capital requirement of Ewan.

The Further Investment by Xiamen Youli under the Capital Injection Agreement will be financed by internal resources of the Group.

Upon completion of the Capital Injection, Ewan will remain a non-wholly owned subsidiary of XD and Ewan's shareholding structure is summarized as follows (assuming no other changes to the registered capital of Ewan from the date of this announcement up to the date of completion of the Capital Injection):

	Shareholding in Ewan as at the date of this announcement <i>(approximately %)</i>	immediately upon completion of the Capital Injection <i>(approximately %)</i>
XD	52.09	51.90
Xiamen Geecap	4.54	6.20
Xiamen Youli	4.54	4.34
Hangzhou Bobo	–	2.27
Other shareholders of Ewan	38.83	35.29
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Total	100.00	100.00
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Conditions precedent and completion

The Capital Injection Agreement is conditional upon the fulfillment of all of the conditions set out in the agreement, a summary of which is set out as follows:

- (i) all transaction documents having been duly executed and delivered to the investors;
- (ii) Ewan having submitted the applications of registration changing to administration of industrial and commerce for the transaction contemplated under the Capital Injection Agreement, and having obtained the receipt of the aforementioned registration changing or other certification documents that satisfied the investors;
- (iii) the representations, warranties and undertakings in the Capital Injection Agreement remaining true and accurate on the date of Capital Injection Agreement, the date of delivery and the date of completion.
- (iv) there being no claims or circumstances which can give rise to any claim made by or brought to the attention of any governmental authorities against any party to the Capital Injection Agreement which have a material adverse effect on the transactions contemplated under the Capital Injection Agreement or any conditions thereto; and
- (v) Ewan and the existing shareholders having obtained all the approval, consents or waiver necessary for the transactions contemplated under the Capital Injection Agreement, and the existing shareholders of Ewan having waived any right of first offer and right of first refusal in respect of the investment by the investors.

The investors may waive any of the conditions set out above.

Post-completion undertakings

The Capital Injection Agreement provides for a number of post-completion undertakings by Ewan including the following:

- (i) Ewan and the Founder shall do their utmost to ensure that all conduct of company shall be in compliance with all applicable laws, and that any and all licenses of Ewan shall be legal, valid and fully effective;
- (ii) the business cooperation and commercial transactions between Ewan and its related parties shall be objective, truthful and fair and there shall be no harm to the interests of Ewan and other shareholders;
- (iii) Ewan shall sign the labor Contract, non-disclosure agreement, non-compete agreement and Intellectual property ownership Agreement with the employees before the employee starts work, and pay the full amount of social security and housing accumulation funds for the employees in accordance with the law;
- (iv) In addition to the prior written consent of all investors or the disclosure made to investors, Ewan shall urge key employees to fully devote all of their working time and energy to the company's operations, and the founders and key employees shall not directly or indirectly conduct business in competition with the main business of Ewan during the period of holding the equity of Ewan directly or indirectly or the employment and within two years from the date when he/she ceases to directly or indirectly hold the equity or the relief of the employment (which is subject to the later); and
- (v) within six months after the delivery date, the board of directors of the Ewan shall approve the employee stock incentive plan.

INFORMATION ON EWAN

Ewan, one of the non-wholly owned subsidiaries of XD, was established in March 2016 and is primarily engaged in developing and operating an emerging mobile game distribution platform, Tap Tap, which generates revenue from advertisement. Tap Tap is not only a mobile game publishing platform, but also a game community and media platform. It enables users to download games, rate games and share game experience with other players, which creates a highly reliable and active community where game developers can release, operate and promote their mobile games.

As disclosed on Tap Tap's official website, it has accumulated over 60.0 million users by the end of January 2018 and recorded over 2.0 million daily active users.

Set out below is the summary of the financial information of Ewan for the year ended 31 December 2016 and 2017 respectively pursuant to XD's annual report for the year ended 31 December 2017.

	For the year ended 31 December 2016 RMB	For the year ended 31 December 2017 RMB
Revenue	563,850.24	96,141,996.71
Net loss after taxation	23,265,708.07	36,076,623.40

The audited total asset and net asset of Ewan as at 31 December 2017 were RMB146,353,625.09 and RMB121, 657,668.53 respectively.

INFORMATION OF THE EXISTING SHAREHOLDERS AND INVESTORS OF EWAN

According to information available to the Company:

- 1) Hangzhou Bobo is a subsidiary under contractual arrangement of NetEase, Inc., an entity listed on NASDAQ in the United States of America, its principal business is the operation of an interactive online video platform named NetEase BoBo;
- 2) XD is an online game publishing and developing company and its shares are listed on China New Third Board (Stock Code: 833897);
- 3) Xiamen Geecap is the wholly owned subsidiary of G-bits Network Technology (Xiamen) Co., Ltd. which is an online game developing and operating company and its shares are listed on the Shanghai Stock Exchange (Stock Code: 603444). The principle business of Xiamen Geecap is equity investment;
- 4) Huzhou Yixin Investment Management Partnership (Limited Partnership) (湖州易心投資管理合夥企業(有限合夥)) is a limited partnership established in the PRC with its principal business of equity investment;
- 5) Shanghai Xinhe Business Consulting Partnership (Limited Partnership) (上海芯赫商務諮詢合夥企業(有限合夥)) is a limited partnership established in the PRC with its principle business of business consultancy;
- 6) Zhuhai Anran Investment Enterprise (Limited Partnership) (珠海安然投資企業(有限合夥)) is a limited partnership established in the PRC with its principle business of project investment;
- 7) Huang Xiwei (黃希威) is a Chinese resident;
- 8) Zhang Qian (張乾) is a Chinese resident.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AGREEMENT

The principal activity of the Group is developing and operating mobile games and web games, with a strategic focus on mobile games.

The further investment in Ewan through the Capital Injection is in line with the strategic business plan of the Group. In view of the business development and financial performance of Ewan in 2017, the Company considers that Tap Tap has become one of the major mobile game platforms in China. With its rapidly growing user base, Tap Tap is expected to gain greater market share in the mobile game distribution sector going forward. The further investment of RMB4,540,000 will relatively maintain Xiamen Youli's shareholding interests in Ewan, which would be reduced slightly from 4.54% to 4.34% upon completion of the Capital Increase Agreement. The Company believes that the further investment in Ewan is beneficial to and thereby bring greater returns to the Group.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the capital contribution under the Investment Agreement and the Capital Injection under the Capital Injection Agreement on an aggregate basis is more than 5% but less than 25%, the Previous Investment and the Further Investment on an aggregate basis constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of the Directors
“Capital Injection”	collectively, the proposed injection of an aggregate of RMB200,000,000 in Ewan pursuant to the Capital Injection Agreement
“Company”	Feiyu Technology International Company Ltd., a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1022)
“Director(s)”	director(s) of the Company

“Further Investment”	the proposed injection of RMB4.54 million by Xiamen Youli in Ewan pursuant to the Capital Injection Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 21 June 2018

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.