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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)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 23 April 2021 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company agreed to issue and allot, and the Subscriber agreed to subscribe for, 171,882,607 Subscription Shares at the Total Subscription Price of HK\$119,303,269 (representing a Subscription Price of approximately HK\$0.6941 per Subscription Share), on the terms and conditions provided in the Share Subscription Agreement.

As at the date of this announcement, the authorised share capital of the Company is US\$50,000 divided into 500,000,000,000 Shares, of which 1,546,943,455 Shares have been issued and are fully paid up.

The Subscription Price of approximately HK\$0.6941 per Subscription Share represents (i) a premium of approximately 8.45% to the closing price of HK\$0.6400 per Share as quoted on the Stock Exchange on 23 April 2021, being the date of the Share Subscription Agreement; and (ii) a premium of approximately 36.90% to the average of the closing prices of HK\$0.5070 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Share Subscription Agreement.

The Subscription Shares represent approximately 11.11% of the existing issued share capital of the Company and approximately 10.00% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate.

Completion of the Subscription is conditional on certain conditions precedent as more particularly set out in the Share Subscription Agreement.

The net proceeds of the Subscription will be approximately HK\$119.1 million and are intended to be applied towards supporting new product development, attracting suitable personnel for the Group to enhance the research and development capability of the Group, and to increase the publishing and marketing budget of the Group.

Completion of the Subscription is subject to a number of conditions and subject to termination rights of the Subscriber and the Company. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 23 April 2021 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the Subscription Shares at the Subscription Price on the terms and conditions provided in the Share Subscription Agreement.

THE SHARE SUBSCRIPTION AGREEMENT

Date

23 April 2021 (after trading hours)

Parties

Issuer: the Company

Subscriber: THL H Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

Immediately upon completion of the Subscription, the Subscriber will become a substantial shareholder of the Company.

Subscription Shares

171,882,607 Subscription Shares, representing approximately 11.11% of the total issued share capital of the Company as at the date of this announcement and approximately 10.00% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is approximately US\$17.19.

Subscription Price

The Subscription Price of the Subscription Shares is approximately HK\$0.6941 per Subscription Share:

- (a) which is at approximately 8.45% premium to the closing price of the Shares of HK\$0.6400 on 23 April 2021 (being the date of the Share Subscription Agreement); and
- (b) which is at approximately 36.90% premium to the average of the closing prices of HK\$0.5070 per Share for the last five (5) consecutive trading days immediately prior to the date of the Share Subscription Agreement.

After deducting the relevant expenses of the Subscription, the net Subscription Price per Subscription Share is approximately HK\$0.6931.

The Subscription Price was determined with reference to the prevailing market price of the Shares and after arm's length negotiation between the Company and the Subscriber. The Board considers that the terms of the Share Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares will be issued by the Company free from all encumbrances and will be, when allotted and issued, fully paid up and rank pari passu in all respects with the other Shares then in issue.

Conditions of the Subscription

Completion of the Subscription is conditional on, among others, the following conditions being satisfied:

- (a) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange and such approval and permission remaining in full force and effect;
- (b) all the warranties made by the Company under the Share Subscription Agreement remaining true and correct as of the date of the Share Subscription Agreement and the Closing Date as if made on such date;
- (c) from the date of Share Subscription Agreement until and on the Closing Date, there being no material adverse change (as defined in the Share Subscription Agreement) to the Company or the Group since the date of the Share Subscription Agreement; and
- (d) on the Closing Date, the Shares remaining listed and traded on the Main Board of the Stock Exchange, and there being no trading halt, suspension or limitation of trading in any of the Shares listed on the Stock Exchange.

The Subscriber may waive any condition, except condition (a) above which may not be waived by any party to the Share Subscription Agreement. The Parties shall use best efforts to procure the fulfilment of all the conditions above as soon as reasonably practicable, but in any event no later than the Long Stop Date.

Completion of the Subscription

Completion of the Subscription is expected to take place on the second business day after and excluding the date upon which the last of the conditions precedent to the Subscription has been satisfied, provided that it shall be a date no later than the Long Stop Date (or waived in accordance with the terms of the Share Subscription Agreement), or such other time and/or date as mutually agreed by the Subscriber and the Company in writing.

Use of proceeds

The gross proceeds from the Share Subscription Agreement are approximately HK\$119.3 million and the net proceeds from the Subscription to be received by the Company are approximately HK\$119.1 million after deducting the relevant expenses of the Subscription.

It is expected that the net proceeds will be used to support new product development, attract suitable personnel for the Group to enhance the research and development capability of the Group, and to increase the publishing and marketing budget of the Group.

No issue of Shares before Closing

Between the date of the Share Subscription Agreement and the Closing Date, the Company may not create, grant, issue or allot any Shares or equity securities or securities or instruments convertible into or exercisable or exchangeable for, or that represent the right to receive, any Share or equity security, or issue any other equity or ownership interests in the Company or undertake any other event which would or contingently or conditionally would increase the total outstanding issued share capital in the Company, save for (i) the issue of Subscription Shares; and (ii) any issue of options, shares or other securities pursuant to the Share Incentive Schemes.

Nomination of Director

Upon closing and for so long as the Subscriber (together with its affiliates) holds five percent (5%) or more of the total issued share capital of the Company, the Subscriber shall have the right from time to time to nominate by notice in writing one person to be appointed as a non-executive Director, provided that such person fulfils the requirements under the Listing Rules to be appointed as a Director of the Company.

The Company shall take all necessary steps and actions to procure that the person nominated by the Subscriber is appointed as a non-executive Director of the Company as soon as practicable after receiving the nomination in writing from the Subscriber from time to time, subject to the requirements under the Listing Rules in relation to such appointment and applicable laws.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 27 May 2020. The Company was authorised to issue and allot not exceeding 20% of the aggregate number of issued shares as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate. Accordingly, the allotment and issuance of the Subscription Shares is not subject to the Shareholders' approval.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Company so as to facilitate its development of new products, attracting suitable personnel to enhance the Company's research and development capability and increase of the publishing and marketing budget of the Company. The Directors consider that the terms of the Share Subscription Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE SUBSCRIBER

The Company is an investment holding company whose subsidiaries are principally engaged in the video game industry in the PRC including games operation, development, distribution along with games related advertisements and licensing services.

The Subscriber is a wholly-owned subsidiary of Tencent. Tencent, through its subsidiaries, principally provides value-added services, online advertising, FinTech and business services to users mainly in the PRC.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not raised any funds by way of issue of Shares in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after issuance of the Subscription Shares (assuming there are no other allotments and issue of Shares and no options under the Share Incentive Schemes are granted or exercised and no other securities are created and granted for the subscription of new shares):

	As at the date of this announcement		Immediately after issuance of the Subscription Shares	
	Shares	Approx. %	Shares	Approx. %
YAO Holdings Limited <i>(notes 1 and 2)</i>	481,399,000	31.12	481,399,000	28.01
Mr. YAO Jianjun <i>(note 3)</i>	8,485,500	0.55	8,485,500	0.49
Fishchen Holdings Limited <i>(notes 1 and 4)</i>	161,538,000	10.44	161,538,000	9.40
BILIN Holdings Limited <i>(notes 1 and 5)</i>	112,470,000	7.27	112,470,000	6.54
LINCHEN Holdings Limited <i>(notes 1 and 6)</i>	44,890,500	2.90	44,890,500	2.61
LINT Holdings Limited <i>(notes 1 and 7)</i>	44,890,500	2.90	44,890,500	2.61
Subscriber	–	–	171,882,607	10.00
Public Shareholders				
Other public Shareholders	693,269,955	44.82	693,269,955	40.33
Total	1,546,943,455	100.00	1,718,826,062	100.00

Notes:

1. TMF (Cayman) Ltd. is the trustee of The Yao Family Trust, The Bi Family Trust, The Chen Family Trust, The Lin Family Trust and The Zhi Family Trust.
2. The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 Shares held by YAO Holdings Limited pursuant to Part XV of the SFO.
3. Mr. Yao Jianjun directly holds 8,485,500 Shares.
4. The entire share capital of Fishchen Holdings Limited is wholly owned by Honour Gate Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Chen Family Trust, which was established by Mr. CHEN Jianyu (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. CHEN and his family members. Mr. CHEN (as founder of The Chen Family Trust) and Honour Gate Limited are taken to be interested in 161,538,000 Shares held by Fishchen Holdings Limited pursuant to Part XV of the SFO.

5. The entire share capital of BILIN Holdings Limited is wholly owned by Rayoon Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Bi Family Trust, which was established by Mr. BI Lin (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. BI and his family members. Mr. BI (as founder of The Bi Family Trust) and Rayoon Limited are taken to be interested in 112,470,000 Shares held by BILIN Holdings Limited pursuant to Part XV of the SFO.
6. The entire share capital of LINCEN Holdings Limited is wholly owned by Sheen Field Limited, as the nominee of TMF (Cayman) Ltd., the trustee of The Zhi Family Trust, which was established by Mr. LIN Zhibin on 13 August 2014 as a discretionary trust for the benefit of Mr. LIN and his family members. Mr. LIN (as founder of The Zhi Family Trust) and Sheen Field Limited are taken to be interested in 44,890,500 Shares held by LINCEN Holdings Limited pursuant to Part XV of the SFO.
7. The entire share capital of LINT Holdings Limited is wholly owned by Supreme Top Global Limited, as the nominee of TMF (Cayman) Ltd., the trustee of The Lin Family Trust, which was established by Mr. LIN Jiabin (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. LIN and his family members. Mr. LIN (as founder of The Lin Family Trust) and Supreme Top Global Limited are taken to be interested in 44,890,500 Shares held by LINT Holdings Limited pursuant to Part XV of the SFO.
8. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

POTENTIAL CONTINUING CONNECTED TRANSACTIONS

Upon completion of the Subscription, the Subscriber will become a substantial shareholder under the Listing Rules and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the ongoing commercial arrangements between the subsidiaries of Tencent and the Group including distribution and operation of games, advertising, licensing, cloud services and online payment services will become continuing connected transactions of the Group under Chapter 14A of the Listing Rules. Save for the Share Subscription Agreement and the aforementioned ongoing arrangements, to the best knowledge of the Company, there is no other agreement, arrangement, understanding or undertaking between the Subscriber and the Company, its connected persons or any of their respective associates as of the date of this announcement.

The Company will disclose further details of the continuing connected transactions between the Subscriber and the Group in compliance with Chapter 14A.60 of the Listing Rules if and when the Subscription is completed.

Since the Subscription is subject to the conditions set out in the Share Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 27 May 2020
“Articles”	the articles of association of the Company (as amended from time to time)
“Closing Date”	the second business day after and excluding the date upon which the last of the Conditions has been satisfied, provided that it shall be a date no later than the Long Stop Date, or such other time and/or date as the parties may agree in writing
“Company”	Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange

“Long Stop Date”	the date falling one (1) month after the date of the Share Subscription Agreement, or such other date as the parties may agree in writing
“Parties”	the Company and the Subscriber
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of US\$0.0000001 each in the share capital of the Company
“Share Incentive Schemes”	together, the pre-IPO share option scheme adopted by the shareholders of the Company on 17 November 2014, the post-IPO share option scheme adopted by the shareholders of the Company on 17 November 2014, the pre-IPO restricted share unit plan adopted by the shareholders of the Company on 17 November 2014, the post-IPO restricted share unit plan adopted by the shareholders of the Company on 17 November 2014, and the restricted share unit plan II adopted by the shareholders of the Company on 28 May 2018
“Share Subscription Agreement”	the subscription agreement dated 23 April 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	THL H Limited, a company incorporated under the laws of British Virgin Islands
“Subscription”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms of the Share Subscription Agreement
“Subscription Price”	approximately HK\$0.6941 per Subscription Share
“Subscription Share(s)”	171,882,607 newly allotted and issued Shares

“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a limited liability company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700)
“Total Subscription Price”	total consideration for the Subscription being HK\$119,303,269 (approximately HK\$0.6941 per Subscription Share), which is equivalent to RMB100,000,000 at the exchange rate of HK\$1: RMB0.8382
“%”	per cent

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

Hong Kong, 23 April 2021

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.