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ARCHOSAUR GAMES INC.

祖 龙 娱 乐 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

PROPOSED ADOPTION OF SHARE OPTION SCHEME

BACKGROUND

The Board is pleased to announce that it has resolved to propose the adoption of the Share Option Scheme to provide incentive or reward to Eligible Participants for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group. The Share Option Scheme is subject to (i) the approval from the Shareholders at a general meeting of the Company; and (ii) the approval from the Stock Exchange for the listing and trading of any Shares to be issued pursuant the exercise of the share options that may be granted under the Share Option Scheme. The Share Option Scheme may be amended upon the request from Hong Kong regulatory authorities.

As of the date of this announcement, the Company has not granted any share options under the Share Option Scheme.

PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

A summary of principal terms of the Share Option Scheme is set out below. Further details of the terms of the Share Option Scheme will be set out in a circular to be despatched to the Shareholders in due course.

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| Purposes: | The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Participants for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentivize them to remain with the Group, as well as for such other purposes as the Board may approve from time to time. |
| Effective date of the Share Option Scheme: | The date on which the Share Option Scheme is approved by the Shareholders at the EGM. |
| Effective period of the Share Option Scheme: | Ten (10) years from the date of approval of the Share Option Scheme by the Shareholders at the EGM. |
| Eligible Participants: | Any Eligible Employee, namely any full-time employee (excluding any director) of the Company and any Subsidiary. |

Maximum quantity of grant:

- (1) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group shall not exceed 30% of the Shares in issue from time to time;
- (2) The maximum number of Shares which may be allotted and issued upon exercise of all share options to be granted under the Share Option Scheme shall not in aggregate exceed 5% of the total number of Shares in issue as at the date of approval of the Share Option Scheme at the EGM; and
- (3) Unless approved at a general meeting, the Shares issued and to be issued upon exercise of the share options granted to any individual Eligible Participant (including exercised or outstanding share options) in any 12-month period under the Share Option Scheme shall not exceed 1% of the Shares in issue.

Exercise Price:

The Exercise Price in respect of any share option shall, subject to any adjustments made in such manner as the Auditors or the independent financial adviser of the Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company, be determined at the absolute discretion of the Board, provided that it shall not be less than the highest of:

- (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (3) the nominal value of the Shares.

Offer Date:

Each Offer Date shall be a Business Day, and shall be determined by the Board after the Share Option Scheme has been approved by the Shareholders at the EGM.

For so long as the Shares are listed on the Stock Exchange:

The Company may not make any Offer after inside information has come to the knowledge of the Company until the Company has announced the information. In particular, the Company may not make any Offer during the period commencing one month immediately before the earlier of:

- (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for the Company to announce its results for any year, half-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No share option may be granted during any period of delay in publishing a results announcement.

Option period:

In respect of any particular share option, a period (which may not be later than ten (10) years from the Offer Date of that share option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date of such share option to the earlier of (i) the date on which such share option lapses; and (ii) ten (10) years from the Offer Date of that share option.

Vesting conditions:

In addition to any conditions of vesting stated in the letter containing the Offer, share options shall only be vested if the Grantee is still an Eligible Employee at the date of vesting as set out in the letter containing the Offer. For the avoidance of doubt, if a person ceases to be an Eligible Employee, notwithstanding the grounds, any share options not yet vested shall be immediately forfeited.

Authorisation to the Board:

The Board will seek Shareholders' approval at a general meeting of the Company to consider the Share Option Scheme and authorize the Board or its designated authorized person to be responsible for the implementation and management of the Share Option Scheme, such that the Board or its designated authorized person shall be the executive management body of the Share Option Scheme.

IMPLICATIONS UNDER THE LISTING RULES

The Share Option Scheme constitutes a share option scheme under Chapter 17 of the Listing Rules and therefore is subject to approval by Shareholders in general meeting in accordance with Rule 17.02(1)(a). The Board will convene the EGM on Friday, 5 February 2021.

BOOK CLOSURE PERIOD

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed from 2 February 2021 to 5 February 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. Holders of Shares whose names appear on the register of members of the Company on 2 February 2021 shall be entitled to attend and vote at the EGM. In order to determine the identities of the shareholders who are entitled to attend and vote at the EGM, the completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 1 February 2021.

The Share Option Scheme will only become capable of implementation after obtaining the approval from the Shareholders at a general meeting and the approval from the Stock Exchange for the listing and trading of any Shares to be issued pursuant the exercise of the share options that may be granted under the Share Option Scheme. Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

DEFINITIONS

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

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| “Board” | board of the Directors of the Company |
| “Company” | Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability whose Shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 9990) |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held on Friday, 5 February 2021 for the Shareholders to consider and, if thought fit, approve the adoption of the Share Option Scheme |
| “Eligible Employee” | any full-time employee (excluding any director) of the Company, and any Subsidiary |
| “Eligible Participants” | any Eligible Employee who may be invited by the Board to take up share options, and “Eligible Participant” shall be construed accordingly |

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| “Exercise Price” | the price per Share at which a Grantee may subscribe for the Shares on the exercise of a share option |
| “Grantee” | any Eligible Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) his Personal Representative(s) who is/are entitled to any share option in consequence of the death of the original Grantee |
| “Group” | the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before the Company became the holding company of its current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Offer” | an offer for the grant of a share option |
| “Personal Representative(s)” | the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the share option granted to such Grantee (to the extent not already exercised) |
| “Share(s)” | ordinary share(s) of US\$0.00001 in the ordinary share capital of the Company, or, if there has been a subdivision, consolidation, re-classification, reduction or re-construction of the share capital of the Company, shares being the ordinary shares of the Company of such other nominal amount as shall result from any such subdivision, consolidation, re-classification or reconstruction |
| “Shareholder(s)” | holder(s) of the share(s) of the Company |
| “Share Option Scheme” | the share option scheme of the Company as described in this announcement |

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Subsidiaries”

has the meaning ascribed to it in section 15 of the Companies ordinance (Chapter 622 of the Laws of Hong Kong) and includes companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements

“%”

Percentage

By order of the Board
Archosaur Games Inc.

Mr. Li Qing
Chairman and Executive Director

Beijing, China, 11 January 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Ms. Liu Ming and Mr. Lu Xiaoyin as Non-executive Directors, and Mr. Ge Xuan, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.