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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)**

## **PROFIT WARNING IN RESPECT OF THE FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022**

This announcement is made by Archosaur Games Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 potential investors that, based on its preliminary assessment of the Company’s unaudited consolidated management accounts for the six months ended 30 June 2022 (the “**Period**”) and information currently available, the Company is expected to report an adjusted net loss for the Period in the range of approximately RMB275 million to RMB285 million, while it recorded the adjusted net loss of approximately RMB47.1 million for the six months ended 30 June 2021 (the “**Comparable Period**”). The aforementioned increase in loss was primarily attributable to the following factors:

- (i) the decrease in revenue due to the fact that:
  - (a) the revenue from certain games that have been launched for a long time decreased, which is in line with the normal game lifecycles;
  - (b) a new game published in mainland China in the first half of 2022 did not perform as well as expected; and
- (ii) the increase in research and development expenses to satisfy the Group’s business expansion needs, which was mainly brought by the increase in the number of research and development personnel and corresponding increase in employee benefit expenses for employees engaging in research and development activities.

The Company attaches great importance to long-term value investment, and the increase in research and development expenses is a specific measure to implement the key development strategy of the Company which is development of top-quality games of multiple genres, globalization and integration of research and operation. The Company believes that, the new games to be launched in the second half of 2022 will record a strong performance and with the Group's emphasis on markets outside mainland China and its long-term exploration and layout, the Group's global brand influence will be enhanced in the future through our partnerships with top-tier global IPs and our industry-leading research and development and operational strengths.

Adjusted net loss for the Period was calculated excluding of share-based compensation expenses which is non-cash in nature. For details of the methodology and calculation of the adjusted net loss for the Comparable Period, please refer to the announcement of the Company dated 25 August 2021. The Company believes that expected adjusted net loss for the Period disclosed in this announcement, as compared with loss for the Period as reported under International Financial Reporting Standards (the “IFRS”), can better reflect the underlying operating performance of the Group as well as facilitate period to period comparison.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to it, which has not been audited or reviewed by the auditor or audit committee of the Company.

**The presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure stated in this announcement has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's operating results or financial condition as reported under IFRS. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and read the results announcement of the Company for the Period carefully when it is published by the end of August 2022 in compliance with the Listing Rules.**

By order of the Board  
**Archosaur Games Inc.**  
**Mr. Li Qing**  
*Chairman and Executive Director*

Beijing, China, 12 August 2022

*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. Bai Kun, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.*