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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)

(1) PROPOSED ADOPTION OF THE RSU SCHEME;

(2) PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME; AND

(3) SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board is pleased to announce that it has resolved to propose (i) the adoption of the RSU Scheme; and (ii) the proposed amendments to the Share Option Scheme, in light of the New Rules.

PROPOSED ADOPTION OF THE RSU SCHEME

The purpose of the RSU Scheme is to incentivize the Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

The RSU Scheme shall take effect on the date of its adoption at the EGM and is conditional upon (i) the passing of the necessary resolution to approve and adopt the RSU Scheme by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of RSUs granted under the RSU Scheme.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Directors propose to seek approval from the Shareholders at the EGM for certain amendments to be made to the Share Option Scheme to, among other things, bring the Share Option Scheme in alignment with the New Rules and make certain minor housekeeping amendments to the Share Option Scheme for the purpose of clarifying existing practice and making consequential amendments.

As the Proposed Amendments to the Share Option Scheme are considered to be material in nature, the Proposed Amendments to the Share Option Scheme will be subject to approval by the Shareholders at the EGM.

EGM

The EGM will be convened and held in due course to consider and, if thought fit, approve the adoption of the RSU Scheme and the proposed amendments to the Share Option Scheme. A circular of the Company containing, among others, (i) a summary of the principal terms of the RSU Scheme; (ii) details of the proposed amendments to the Share Option Scheme; and (iii) a notice convening the EGM are expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

The Board is pleased to announce that it has resolved to propose (i) the adoption of the RSU Scheme; and (ii) the proposed amendments to the Share Option Scheme, in light of the New Rules.

PROPOSED ADOPTION OF THE RSU SCHEME

The purpose of the RSU Scheme is to incentivize the Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. As at the date of this announcement, the Eligible Persons under the RSU Scheme include the Directors (independent non-executive Directors excluded), senior managements and existing employees. None of the Eligible Persons are the Related Entity Participants or Service Providers. The Eligible Persons include any Eligible Employees whose contribution are crucial to the success and growth of the Group. The Board will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation or financial performance, prospects and growth of the Group in order to achieve the purpose of the RSU Scheme before granting any RSU(s) to an Eligible Person. The Board's discretion to prescribe a vesting period for which the RSU(s) must be held or performance target (if any) to be achieved before the RSU(s) can be vested and become convertible under the RSU Scheme will provide the Board with more flexibility in setting the terms and conditions of the RSU(s) under particular circumstance of each grant so as to achieve the purpose of the RSU Scheme.

According to the New Rules, RSU(s) granted to employee participants may be subject to a shorter vesting period under the specific circumstances as set out in the scheme documents. The Company has specified a minimum vesting period of granted RSU to the Selected Person under the RSU Scheme (the "Period") which will not be less than 12 months. Initially and subject to otherwise determined by the Board at its absolute discretion at the relevant time for each individual grant of RSUs, all RSUs shall be convertible in installments subject to the Period as follows:

- i. 40% of the RSUs can be converted one (1) year after the Grant Date;
- ii. 30% of the RSUs can be converted two (2) years after the Grant Date; and
- iii. the remaining 30% of the RSUs can be converted three (3) years after the Grant Date.

Besides, unless otherwise determined by the Board and stated in the offer to a participant, the conversion of any RSUs is subject to the achievement of the performance targets (if any), as described in the Grant Letter at the time of the grant of the RSUs, which shall be based on the performance of the participants in terms of factors including but not limited to, as and when appropriate, research and development outcome, sales performance and punctuality and/or the operating or financial performance of the Group and the satisfaction of which shall be assessed and determined by the Board at its sole discretion. In addition to any conditions of vesting stated in the Grant Letter, RSUs shall only be vested if the participant is still an Eligible Person at the date of vesting as set out in the Grant Letter. For the avoidance of doubt, if a person ceases to be

an Eligible Person, notwithstanding the grounds, any RSUs not yet vested shall be immediately forfeited. In the event the Board determines that the participant (a) has committed a misconduct; (b) is involved in a material misstatement in the Company's financial statements; (c) has committed a breach of the employment contract of the participant; or (d) the employment of the participant has been terminated on the grounds of misconduct, the Board may at its absolute discretion forfeit all the outstanding RSUs granted to the relevant participant but not yet vested and converted without the approval of the relevant participant.

Conditions Precedent of the RSU Scheme

The RSU Scheme shall take effect on the date of its adoption at the EGM and is conditional upon (i) the passing of the necessary resolution to approve and adopt the RSU Scheme by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of RSUs granted under the RSU Scheme.

As at the date of this announcement, the Company has a total of 805,754,630 Shares in issue. Assuming that there is no change to the issued share capital of the Company between the date of this announcement and the Adoption Date, the aggregate number of Shares which may be issued in respect of all RSUs to be granted under the RSU Scheme shall not exceed 20,000,000 Shares (i.e. representing approximately 2.5% of the total number of Shares in issue of the Company). The total number of Shares which may be allotted and issued in respect of all Options and RSUs (for this purpose, Options or RSUs lapsed in accordance with the terms of the Share Option Scheme and the RSU Scheme will not be regarded as utilized for the purpose of calculating the General Scheme Limit (as defined hereinafter)) to be granted under the Share Option Scheme and the RSU Scheme must not in aggregate exceed 60,775,500 Shares (i.e. representing approximately 7.5% of the total number of Shares in issue as at the Adoption Date) ("General Scheme Limit"). In compliance with, and so long as so required by the New Rules, the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under the RSU Scheme, the Share Option Scheme and any other share schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the scheme mandate limit.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of all RSUs to be granted under the RSU Scheme. The RSU Scheme will take effect on the date of its adoption at the EGM subject to such listing approval aforementioned.

The Company may appoint Trustee to assist with the administration and vesting of RSUs granted pursuant to this Scheme. The Company may (i) allot and issue Shares to the Trustee to be held by the Trustee for the benefit of specified Participants and/or (ii) direct and procure the Trustee to receive existing Shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon conversion. According to the New Rules, the trustee holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under the Listing Rules. None of the Directors is and will be trustee of the RSU Scheme or have any direct or indirect interest in the Trustee of the RSU Scheme. With respect to the operation of the RSU Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Company adopted the Share Option Scheme at the extraordinary general meeting on 5 February 2021. Details of the Share Option Scheme are set out in the circular of the Company dated 19 January 2021. The purpose of the Share Option Scheme is to provide incentive or reward to employees (excluding any director) of the Group for their contribution to, and continuing efforts to promote the interests of, the Group, and to incentive them to remain with the Group.

The Directors propose to seek approval from the Shareholders at the EGM for certain amendments to be made to the Share Option Scheme to, among other things, bring the Share Option Scheme in alignment with the New Rules and make certain minor housekeeping amendments to the Share Option Scheme for the purpose of clarifying existing practice and making consequential amendments. The Board proposes that the Proposed Amendments shall apply to the Outstanding Options and Options to be granted under the Share Option Scheme with effect from the date of the EGM.

As the Proposed Amendments to the Share Option Scheme are considered to be material in nature, the Proposed Amendments to the Share Option Scheme will be subject to approval by the Shareholders at the EGM.

GENERAL

Subject to the approval of the adoption of the RSU Scheme and the Proposed Amendments to the Share Option Scheme at the EGM and in compliance with, and so long as so required by the Listing Rules and the New Rules, the aggregate number of (i) the new Shares to be issued pursuant to the RSU Scheme; (ii) the new Shares to be issued pursuant to the Share Option Scheme; (iii) the Shares in respect of the restricted share units yet to be granted out of the scheme mandate limit as at the date of the EGM under the Pre-IPO RSU Scheme; and (iv) any new Shares to be issued pursuant to other share schemes to be adopted by the Company from time to time must not exceed 10% of the total number of Shares in issue as at the date of the EGM, pursuant to rule 17.03B(1) of the New Rules. The Company confirms that the grant of the restricted share units under the Pre-IPO RSU Scheme after the date of the EGM shall be conducted in compliance with the requirements under the New Rules.

EGM

The EGM will be convened and held in due course to consider and, if thought fit, approve the adoption of the RSU Scheme and the proposed amendments to the Share Option Scheme. A circular of the Company containing, among others, (i) a summary of the principal terms of the RSU Scheme; (ii) details of the proposed amendments to the Share Option Scheme; and (iii) a notice convening the EGM are expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the annual report of the Company for the year ended 31 December 2021 (“**2021 Annual Report**”). In addition to the information disclosed in the section headed “Share Option Scheme” in the 2021 Annual Report, the Company would like to supplement the following information pursuant to Rule 17.09(3) of the Listing Rules in relation to the Share Option Scheme:

As at the date of the 2021 Annual Report, the total number of Shares available for issue under the Share Option Scheme was 40,775,500, representing approximately 5.02% of the issued Shares of the Company as at such date.

The supplemental information provided in this announcement do not affect other information contained in the 2021 Annual Report and, save as disclosed above and in the announcement of the Company dated 4 November 2022 in relation to, inter alia, renewal of and new continuing connected transactions, the contents of the 2021 Annual Report remain unchanged.

As of the date of this announcement, the RSU Scheme and the Proposed Amendments remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Adoption Date”	the date on which the RSU Scheme is to be considered and, if thought fit, to be adopted by the Shareholders at the EGM
“Board”	the board of Directors (and for the purpose of the RSU Scheme and the Share Option Scheme, or a duly authorized committee or person(s) delegated with the power and authority by the board of Directors to administer the RSU Scheme and the Share Option Scheme)
“Business Day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong generally are open for business and the Stock Exchange is open for the business of dealing in securities
“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)
“connected person”	has the meaning as defined in the Listing Rules
“Directors”	the directors of the Company for the time being or a duly authorised committee thereof
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve (i) the adoption of the RSU Scheme; and (ii) the proposed amendments to the Share Option Scheme

“Eligible Employee(s)”	any full-time employee(s) (excluding any director) of the Company or the subsidiaries
“Eligible Participant(s)”	any Eligible Employee who may be invited by the Board to take up Options
“Eligible Person(s)”	the person(s) eligible to receive RSUs under the RSU Scheme, who are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of the Company or any member of the Group
“Grant Date”	the date on which RSUs are granted to a Selected Person under the RSU Scheme pursuant to a Grant Letter
“Grant Letter”	an offer to grant RSUs to Selected Person by a letter
“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 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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Misconduct”	the Participant willfully disobeys a lawful and reasonable order, or misconducts himself/herself, or is guilty of fraud or dishonesty, or is habitually neglectful in his/her duties, or any other events which result in a summary dismissal of his/her employment
“New Rules”	the amendments to the Listing Rules to implement the proposals of the <i>“Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment”</i> published on 29 July 2022
“Offer”	an offer for the grant of an Option
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant

“Option(s)”	option(s) to subscribe for the Shares granted pursuant to the Share Option Scheme
“Outstanding Options”	the outstanding Options which remain unexercised as at the date of the EGM
“Participant(s)”	a Selected Person who accepts the offer of the grant of RSUs in accordance with the terms of this Scheme
“Pre-IPO RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 1 April 2020
“Proposed Amendments”	the proposed amendments to the Share Option Scheme which are subject to the approval from the Shareholders at the EGM
“RSU Scheme”	the restricted share unit scheme of the Company to be approved and adopted by the Shareholders on Adoption Date, in its present form or as may be amended from time to time
“RSU(s)”	restricted share unit(s) under the RSU Scheme
“Selected Person(s)”	Eligible Persons(s) selected by the Board for participation in the RSU Scheme
“Service Providers”	persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group
“Share(s)”	ordinary share(s) of US\$0.00001 in the ordinary share capital of the Company, or, if there has been a sub-division, 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 sub-division, consolidation, re-classification or re-construction
“Share Option Scheme”	the share option scheme adopted by the Shareholder on 5 February 2021 in its present form or as may be amended from time to time
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	the companies which are for the time being and from time to time the subsidiaries (within the meaning given to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the British Virgin Islands, the People’s Republic of China or elsewhere, and “Subsidiary” shall be construed accordingly

“Trustee” in respect of the RSU Scheme, means the trustee to be appointed by the Board to act as the trustee for the benefit of specified Selected Person, which will be independent from and not connected with the Company as prescribed under Chapter 14A of the Listing Rules or its connected persons, and in respect of the Share Option Scheme, means the trustee(s) to be appointed by the Board to hold Shares for the purpose of the Share Option Scheme

“%” percentage

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

Beijing, China, 4 November 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.