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Qingci Games Inc.

青瓷游戏有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6633)

PROFIT WARNING IN RESPECT OF THE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023

This announcement is made by Qingci Games Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”), investors and potential investors of the Company that, based on a preliminary review of the unaudited management accounts of the Group for the year ended December 31, 2023 (the “**Reporting Period**”) and information currently available to the Board, the Group recorded revenue ranging from approximately RMB880.0 million to RMB920.0 million for the Reporting Period, as compared to revenue of RMB630.4 million for the corresponding period in 2022, representing a year-on-year increase of approximately 39.6% to 45.9%; and the Group recorded net loss ranging from approximately RMB30.0 million to RMB60.0 million for the Reporting Period, as compared to net profit of approximately RMB45.7 million for the corresponding period in 2022.

The turnaround from profit to loss of the Group is expected to be primarily attributable to the following:

- (i) The Group’s flagship game *The Marvelous Snail* (最強蝸牛) was launched in the United States of America, Canada, Australia and New Zealand and other regions on August 3, 2023; *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) was launched in Mainland China on September 21, 2023 and in the Hong Kong Special Administrative Region of China, Macao Special Administrative Region of China and Taiwan Province of China on October 27, 2023. Such games incurred centralized marketing and promotional expenses during the launch phase which had not been fully offset by the revenue generated by such games during the Reporting Period and led to an decrease in net profit during the Reporting Period. The Board is of the view that, the expansion of *The Marvelous Snail* (最強蝸牛) in the aforesaid regions can significantly expand the overseas coverage of the Group’s business, and the release of *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙) can further broaden the Group’s player base, both of which are of great significance to the business operation and development of the Group; and

- (ii) The Group incurred impairment for its investments in certain game industry chain companies and prepayments to certain invested companies. The Group strategically invested in a number of upstream and downstream companies in the mobile game industry chain, and some of the invested companies under-performed this year, showing impairment indicators. After prudent assessment, the Group has made an impairment provision in respect of such investments and the prepayments to certain invested companies.

During the Reporting Period, the Group continued to drive the launch of existing games in overseas markets with a significant increase in overseas coverage, and successfully launched a number of well received games, including *Sword and Fairy: Wen Qing* (新仙劍奇俠傳之揮劍問情) and *Cardcaptor Sakura: Memory Key* (魔卡少女櫻：回憶鑰匙). The Group has also continued to optimize its revenue structure, which has enhanced the core competitiveness of the Group's integrated research and development and game operation capability. In 2024, the Group intends to release certain new games (including mini-program games), for example, the Group released a casual game *Fat Goose Gym* (肥鵝健身房) in Japan in February 2024, which immediately took the top spot on both the iOS free games chart and the Google Play free games chart in Japan, and several games released in the second half of 2023 are expected to enter into the cost recovery period, which are expected to drive the business development of the Group.

The Company is in the process of finalizing the annual results of the Group for the Reporting Period. The information contained in this announcement is based solely on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Reporting Period and the information currently available to the Board, which has yet to be reviewed by the audit committee and/or the independent auditors of the Company. Accordingly, the actual results of the Group for the Reporting Period may differ from the information disclosed in this announcement. Shareholders, investors and potential investors of the Company are advised to refer to the details in the annual results announcement of the Group for the Reporting Period, which is expected to be published by the end of March 2024.

Shareholders, investors and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Qingci Games Inc.
Liu Siming
Executive Director

Hong Kong, March 1, 2024

As at the date of this announcement, the Board comprises Mr. Yang Xu, Mr. Huang Zhiqiang, Mr. Liu Siming and Mr. Zeng Xiangshuo as executive Directors, and Professor Lam Sing Kwong Simon, Mr. Yuan Yuan and Ms. Fang Weijin as independent non-executive Directors.