

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2021

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 2021 (the “**Period**”) and information currently available, the Company is expected to report an adjusted net loss for the Period in the range of approximately RMB45 million to RMB55 million, while it recorded the adjusted net profit of approximately RMB151.6 million for the six months ended 30 June 2020 (the “**Comparable Period**”). The aforementioned loss was primarily attributable to (a) the increase in research and development expenses to satisfy the Group’s business expansion needs, which was mainly brought by the increase in employee benefit expenses for employees engaging in research and development activities and outsourced technical services; and (b) the increase in selling and marketing expenses, which was primarily brought by the increase in promotion and advertising expenses. The Company believes that, while these inputs may not bring financial benefits immediately, the Group’s strategy of continuous effort in research and development to build a solid foundation for future products development and continuous effort in the game publishing and operating business based on the integrated mode of research and operation is in the interest of the Group in the long-term, and the management of the Company remains firmly confident in the future prospects of the Group.

Adjusted net loss for the Period was calculated excluding the effect of share-based compensation expenses which is non-cash in nature. For details of the methodology and calculation of the adjusted net profit for the Comparable Period, please refer to the announcement of the Company dated 12 August 2020. 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 profit/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 interim results announcement of the Company for the Period carefully when it is published by the end of August 2021 in compliance with the Listing Rules.

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

Beijing, China, 12 July 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.