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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) DISCLOSEABLE TRANSACTION SUBSCRIPTION OF FINANCIAL PRODUCTS; (2) SUPPLEMENTARY ANNOUNCEMENT ON 2023 ANNUAL REPORT

SUBSCRIPTIONS

On 24 October 2023, Beijing Mermaid, a subsidiary of the Company, has subscribed for financial products from Ping An Bank and the aggregate cumulative subscription amount amounted to RMB88 million as at the same date (the “**Ping An Subscription**”).

On 6 December 2023, Shanghai Huan Zhi Meng, a subsidiary of the Company, has subscribed for financial products from Shanghai Pudong Development Bank and the aggregate cumulative subscription amount amounted to RMB87 million as at the same date (the “**SPD Subscription**”).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of each of the Ping An Subscription and the SPD Subscription exceeds 5% but all of the applicable percentage ratios are less than 25% pursuant to Rule 14.07 of the Listing Rules, each of the Ping An Subscription and the SPD Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

SUPPLEMENTARY ANNOUNCEMENT ON 2023 ANNUAL REPORT

Significant Investments

As at 31 December 2023, the total amount of the Company's investment in the relevant financial products of China Everbright Bank amounted to RMB146.4 million (the "Significant Investments").

Save as disclosed in this announcement, all other information in the 2023 Annual Report remains unchanged.

SUBSCRIPTION OF FINANCIAL PRODUCTS

On 24 October 2023, Beijing Mermaid, a subsidiary of the Company, has subscribed for financial products from Ping An Bank and the aggregate cumulative subscription amount amounted to RMB88 million as at the same date.

On 6 December 2023, Shanghai Huan Zhi Meng, a subsidiary of the Company, has subscribed for financial products from Shanghai Pudong Development Bank and the aggregate cumulative subscription amount amounted to RMB87 million as at the same date.

Principal terms of the Subscriptions are as follows:

Ping An Subscription

	Product name	Date of subscription	Type of product	Subscription amount (RMB million)	Term of product	Expected annualized yield
1.	Ping An Bank Corporate	24 July 2023		15.0	96 days	1.75%-2.92%
2.	Structured Deposits (100% guaranteed-linked gold)	31 August 2023		10.0	182 days	1.95%-2.80%
3.	Product* (平安銀行對公結構性存款(100%保本掛鉤黃金)產品)	14 September 2023	Structured Deposit	38.0	91 days	1.75%-2.62%
4.		24 October 2023		25.0	92 days	1.75%-2.62%

SPD Subscription

	Product name	Date of subscription	Type of product	Subscription amount (RMB million)	Term of product	Expected annualized yield
1.	Li Duo Duo Corporate Stable Profit 23JG3467* (利多多公司穩利23JG3467期)	8 October 2023	Structured Deposit	33.0	90 days	1.30%-2.75%
2.	Daily Gold Plus Portfolio 2* (日添金2號)	20 October 2023	Wealth Management Product (Fixed Return)	49.0	No fixed maturity date	2.2%-3.3%
3.	Li Duo Duo Corporate Profit Increment 23JG3606* (利多多公司添利23JG3606期)	6 December 2023	Structured Deposit	5.0	7 days	1.20%/1.75%

BASIS OF DETERMINATION FOR THE CONSIDERATION

The Directors confirm that the subscription amount and terms of each Financial Product are determined by the Group after taking into account (i) the Group's financial position at the time; (ii) the expected investment returns and terms of the Financial Products; and (iii) the expected annualized yield of the Financial Products.

REASONS FOR AND BENEFITS OF THE PING AN SUBSCRIPTION AND THE SPD SUBSCRIPTION

The purpose of the Company's Ping An Subscription and the SPD Subscription is to manage capital to maximize the surplus cash generated from business operations, so as to achieve a balanced return while maintaining high liquidity and a low level of risk. In addition, the Ping An Subscription and the SPD Subscription are able to generate the expected high potential returns to the Group as compared to the deposit rates normally offered by general banks in the PRC. Considering the low level of risk and expected yield of the Ping An Subscription and the SPD Subscription, the Company believes that these Subscriptions can provide the Group with a higher return than the deposit yield normally provided by general banks. The funds required for the Ping An Subscription and the SPD Subscription were financed by the Group's internal resources.

Based on the foregoing reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of and the transactions contemplated under the Ping An Subscription and the SPD Subscription are fair and reasonable, are properly approved in accordance with relevant processes and controls, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is a pioneer in China's mobile game industry with more than 20 years of research and development experience, focusing on developing high-quality mobile MMORPGs, SLGs, female-oriented, strategy card games and other genres.

Beijing Fantasy Mermaid Technology Limited*, a company established under the laws of the PRC with limited liability on 9 September 2014 and a wholly-owned subsidiary of the Company, is principally engaged in mobile game development in the PRC.

Shanghai Huan Zhi Meng Technology Co., Ltd.*, a company established under the laws of the PRC with limited liability on 16 March 2021 and a wholly-owned subsidiary of the Company, is principally engaged in mobile game development in the PRC.

Ping An Bank, its full name being Ping An Bank Co., Ltd., is a national joint-stock commercial bank controlled by Ping An Insurance (Group) Company of China, Ltd.. Ping An Bank is one of the 12 national joint-stock commercial banks in mainland China and is headquartered in Shenzhen, Guangdong Province.

Shanghai Pudong Development Bank is a joint-stock commercial bank. It was established with the approval of the People's Bank of China on 28 August 1992 and officially opened on 9 January 1993. Its head office is located in Shanghai, with a registered capital of approximately RMB29.35 billion. It is jointly owned by Shanghai International Group Co., Ltd. (上海國際集團有限公司), China Mobile Communications Group Co., Ltd. (Guangdong) (中國移動通信集團廣東有限公司), Shanghai Sitico Assets Management Co., Ltd. (上海上國投資產管理有限公司) etc.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Ping An Bank, Shanghai Pudong Development Bank and their respective ultimate beneficial owners are third parties independent from the Group and its connected persons.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of each of the Ping An Subscription and the SPD Subscription exceeds 5% but all of the applicable percentage ratios are less than 25% pursuant to Rule 14.07 of the Listing Rules, each of the Ping An Subscription and the SPD Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company acknowledges that it should issue announcement as soon as possible under the Listing Rules with respect of all notifiable transactions conducted by the Group, in compliance with Rule 14.34 of the Listing Rules. The Ping An Subscription and the SPD Subscription intended to utilize the Company's surplus cash reserves to improve the efficiency of capital use and bring additional returns to the Company. However, due to unintentional mistakes in the implementation process, the Company failed to disclose in a timely manner. Meanwhile, based on the Company's comprehensive review and self-examination, the Directors are of the view that, the delay in the publication of this announcement in relation to each of the Ping An Subscription and the SPD Subscription is a standalone incident. After the Group has recently reviewed the terms of the subscriptions and sought advice from the Board and the professional advisers, the management immediately fulfilled its obligation to make timely disclosures with respect of the Ping An Subscription and the SPD Subscription. Accordingly, the Company publishes this announcement to inform the Shareholders.

REMEDIAL ACTIONS

In order to prevent similar incidents from occurring in the future and to facilitate and ensure that the Company continues to comply with the Listing Rules to which it has always valued, the Company has implemented the following remedial actions:

- the Company conducted a comprehensive review and self-examination of the purchase of financial products, including but not limited to any such subscriptions or purchases of the Company in recent years, and publishes this announcement to inform its Shareholders the subscriptions that should have been disclosed but were not previously disclosed;
- the Company will strengthen the coordination and reporting procedures with regard to subscription of financial products and notifiable transactions within the Group, while enhancing its internal control in strengthening the daily review and cross-checking of the size test calculations;
- the Company will work closely with its company secretary and professional advisers and provide relevant updated guidelines and training to the responsible staff of the Group, the senior management and directors of the Company; and
- the Company will, as and when appropriate, consult other professional advisers before entering into any potential notifiable transaction.

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2023 ANNUAL REPORT

Reference is made to the 2023 Annual Report. The Board would like to provide the following information in relation to the significant investments of the Group held as of 31 December 2023 pursuant to paragraph 32 (4A) of Appendix D2 to the Listing Rules:

Significant Investments

During the year ended 31 December 2023, the Group held the following significant investments which represent 5% or more of the total assets of the Group as at 31 December 2023 and are measured at fair value through profit or loss:

Investment product	Investment date	Nature of product	Fair value		Expected annualized yield	Dividends received	Gains/(losses) incurred for the year	Percentage to the Company's total asset as at 31 December
			Cost	as at 31 December 2023				
			(RMB million)	(RMB million)	(%)	(RMB million)	(RMB million)	(%)
Relevant Financial Products of China Everbright Bank								
Sunshine Jintianli Zhenying No. 2 (minimum holding for 30 days) C* (陽光金添利臻盈2號 (30天最低持有)C)	7 February 2023		4.5	4.6	2.6%-3.4%		0.1	0.2
Sunshine Golden Ritian Li Zhenying No. 1* (陽光金日添利臻盈1號)	7 February 2023		20.0	20.7	2.65%-4.0%		0.7	0.8
Sunshine Golden Ritian Li Zhenying No. 1* (陽光金日添利臻盈1號)	3 March 2023		29.0	29.9	2.65%-4.0%		0.9	1.1
Sunshine Jintianli Zhenying No. 2 (minimum holding for 30 days) C* (陽光金添利臻盈2號 (30天最低持有)C)	18 April 2023	Low-risk financial products	10.0	10.2	2.6%-3.4%	N/A	0.2	0.4
Sunshine Jintianli Zhenying No. 2 (minimum holding for 30 days) C* (陽光金添利臻盈2號 (30天最低持有)C)	5 July 2023		40.0	40.5	2.6%-3.4%		0.5	1.5
Sunshine Jintianli Zhenying No. 2 (minimum holding for 30 days) C* (陽光金添利臻盈2號 (30天最低持有)C)	12 July 2023		40.0	40.5	2.6%-3.4%		0.5	1.5
Total				146.4			3.0	5.3

Note:

- Amounts are rounded to the nearest one decimal place and may not add up to the total amount due to rounding.

Description of Relevant Financial Products of China Everbright Bank

In 2023, the Group subscribed for the relevant financial products of China Everbright Bank, which are all low-risk wealth management products issued by China Everbright Bank that are redeemable at any time. The aggregate fair value of the relevant financial products of China Everbright Bank as at 31 December 2023 was approximately RMB146.4 million. The relevant financial products of China Everbright Bank consist of bonds, deposits and other highly liquid assets. The expected annual rate of return of the relevant financial products of China Everbright Bank is approximately 2.6% to 4.0% per annum. The sources of funds for the investment in the relevant financial products of China Everbright Bank are the Company's internal resources.

Significant Investment Strategy

The Company believes that the return generated from the subscription of the relevant financial products of China Everbright Bank is better than the earning of the deposit rates normally offered by general banks in the PRC by its idle funds. In 2023, the relevant financial products of China Everbright Bank generated an effective rate of return of approximately 1.5% to 3.2%. In addition, the risk level of the relevant financial products of China Everbright Bank is relatively low, and are properly approved in accordance with relevant processes and controls.

Save as disclosed above, the Group did not hold any other significant financial investments as at 31 December 2023.

Saved as disclosed in this announcement, all other information in the 2023 Annual Report remains unchanged.

DEFINITIONS

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

“2023 Annual Report”	an annual report of the Company for the year 2023 issued by the Company on 22 April 2024
“Beijing Mermaid”	Beijing Fantasy Mermaid Technology Limited* (北京幻想美人魚科技有限公司), a company established under the laws of the PRC with limited liability on 9 September 2014 and a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“China Everbright Bank”	China Everbright Bank and its subsidiaries or associates
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Products”	financial products provided by Ping An Bank, Shanghai Pudong Development Bank and China Everbright Bank and subscribed by the Group, details of which are set out in this announcement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MMORPG”	a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with each other in a virtual world
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Ping An Bank”	Ping An Bank and its subsidiaries or associates
“PRC”	the People’s Republic of China
“Shanghai Huan Zhi Meng”	Shanghai Huan Zhi Meng Technology Co., Ltd.* (上海幻之夢科技有限公司), a company established under the laws of the PRC with limited liability on 16 March 2021 and a wholly-owned subsidiary of the Company
“Shanghai Pudong Development Bank”	Shanghai Pudong Development Bank and its subsidiaries or associates
“Share(s)”	ordinary share(s) with par value of US\$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“SLG”	simulation games, a genre of games that attempt to emulate various activities from real life in the game format
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, Ping An Subscription and SPD Subscription
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

* *For identification purposes only*

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

Beijing, China, 25 July 2024

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.