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友誼時光
F R I E N D T I M E S

FriendTimes Inc.

友誼時光股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6820)

CHANGE OF USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus of FriendTimes Inc. (the “**Company**”, together with its subsidiaries and operating entities, the “**Group**”) dated 24 September 2019 (the “**Prospectus**”) in relation to the global offering (the “**Global Offering**”), setting out the intended use of the net proceeds of the Global Offering at the time of the preparation of the Prospectus (the “**Net Proceeds**”), and (ii) the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report**”), which discloses the use of the Net Proceeds as at 30 June 2022. Unless otherwise stated, the terms used in this announcement have the same meanings as those defined in the Prospectus and the Interim Report.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds for the following purposes:

- approximately 30.0% of the Net Proceeds will be used to further expand and enhance our game portfolio and the research and development of our core proprietary technologies.
- approximately 35.0% of the Net Proceeds will be used to fund our advertising, marketing and promotion campaigns to strengthen our competitive position in the PRC as well as various important overseas markets.
- approximately 15.0% of the Net Proceeds will be used to strengthen our IP portfolio and enrich related contents offerings.

- approximately 10.0% of the Net Proceeds will be used to fund our strategic acquisition of both upstream and downstream game-related businesses to strengthen our IP creation capability and expand our game offerings and enhance our research and development efficiency.
- approximately 10.0% of the Net Proceeds will be used for working capital and general corporate purposes.

USE OF NET PROCEEDS DISCLOSED IN THE INTERIM REPORT

The Net Proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange were approximately RMB434.0 million. As at 30 June 2022, the proceeds were utilized in accordance with the intended purposes stated in the Prospectus published by the Company, with the balance amounted to approximately RMB19.1 million. Please refer to the table below for details:

	Net Proceeds available from the Listing RMB million	Actual net amount utilized as at 30 June 2022 RMB million	Unutilized net amount as at 30 June 2022 RMB million	Expected date of full utilization of unutilized Net Proceeds
R&D of game products, R&D and upgrading of core technology platform	130.2	130.2	—	—
Global market launch and operation	151.9	151.9	—	—
IP ecological construction	65.1	65.1	—	—
Acquisition of upstream and downstream industries	43.4	24.3	19.1	31 December 2022
Working capital and general corporate use	43.4	43.4	—	—
Total	<u>434.0</u>	<u>414.9</u>	<u>19.1</u>	

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

As at the date of this announcement, the unutilized Net Proceeds amounted to approximately HK\$19.1 million. For the reasons set out below in the section headed “Reasons for and Benefits of the Change in Use of Proceeds” in this announcement, the Board has resolved and approved to re-allocate the unutilized Net Proceeds on 31 October 2022. Details of the revised use and proportionate application of the Net Proceeds are set out below.

	Net Proceeds available from the Listing <i>RMB million</i>	Actual net amount utilized as at 30 June 2022 <i>RMB million</i>	Unutilized net amount as at 30 June 2022 <i>RMB million</i>	Expected date of full utilization of unutilized Net Proceeds
R&D of game products, R&D and upgrading of core technology platform	130.2	130.2	19.1	31 December 2022
Global market launch and operation	151.9	151.9	—	—
IP ecological construction	65.1	65.1	—	—
Acquisition of upstream and downstream industries	43.4	24.3	—	—
Working capital and general corporate use	43.4	43.4	—	—
Total	<u>434.0</u>	<u>414.9</u>	<u>19.1</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

Based on the analysis of the industry situation and the investment environment of the industry chain, after prudent assessment, the Board considers that there were no suitable investment opportunities in the upstream and downstream industries in the near future and decided to reallocate the unutilised Net Proceeds in order to make more efficient use of the Company’s resources.

With years of experience in the gaming industry, the Group plans to further enhance our game development capabilities, strengthen the research and development and upgrade our core technology platform and continuously improve our game content in order to further enhance our competitiveness in the industry. The Board decided to reallocate the unutilised Net Proceeds of RMB19.1 million for this purpose.

Based on the above, the Board is of the view that this change in the use of proceeds from the Global Offering is a prudent decision based on the actual situation of the Company, which is more in line with the development strategy and actual operating conditions of the Company and is favorable for the efficient use of the Net Proceeds.

The Board confirms that there is no material change in the nature of the business of the Company as set out in the Prospectus and considers that the change in the use of proceeds from the Global Offering will not have any material adverse impact on the existing business of the Group and that the above change in the use of proceeds from the Global Offering is in the best interests of the Company and its shareholders as a whole.

By order of the Board
FriendTimes Inc.
Jiang Xiaohuang
Chairman and Executive Director

Hong Kong, 31 October 2022

As at the date of this announcement, the Board comprises Mr. Jiang Xiaohuang, Mr. Xu Lin, Mr. Wu Jie and Mr. Sun Bo as the executive Directors; and Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong as the independent non-executive Directors.