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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)

PROFIT WARNING

This announcement is made by FriendTimes Inc. (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) and the information currently available, the Group is expecting to record revenue of approximately RMB1,500 million to RMB1,550 million for the Reporting Period, compared with revenue of approximately RMB1,616 million for the same period in 2021; profit for the Reporting Period was approximately RMB21 million to RMB26 million, compared to profit of approximately RMB275 million for the same period in 2021.

The above expected decrease in revenue and profit of the Group is mainly attributed to:

- (1) The Group’s aged games have a normal fall in related revenue during their later stage of life cycle. Meanwhile, the Group’s overall revenue did not fluctuate significantly during the Reporting Period due to the favourable performance of new games during the year.
- (2) The Group’s marketing expenses is expected to increase by approximately RMB185 million to RMB195 million during the Reporting Period, mainly due to the one-off massive marketing expenses incurred for the official launch of the new game “Promise of Lingyun (凌雲諾)” during the first half of 2022.

The Board is of the view that the Group's profit for the year 2022 has declined as compared to that for the year 2021 due to the above factors. However, the Group has optimized its product launch strategy in the second half of 2022, which included the strict control of marketing expenses of "Promise of Lingyun (凌雲諾)", more professional and refined operation strategy, and rich and diverse content iterations. As a result, the Group recorded a profit of approximately RMB94 million to RMB99 million in the second half of 2022 compared to the loss of approximately RMB73 million recorded in the first half of the year.

As for the Company's products, "A Story of Lala's: Rising Star (杜拉拉升職記)" was officially launched on all platforms on 12 January 2023, and with its innovative game themes and solid contents and gameplay, it has quickly gained market acceptance and reached the highest ranking of 48th on the best-selling iOS game list; the three games of "Fate of the Empress (浮生為卿歌)", "Promise of Lingyun (凌雲諾)" and "A Story of Lala's: Rising Star (杜拉拉升職記)" have steadily ranked among the top 100 best-selling iOS games; the new generation of ancient style flagship masterpiece "Project: Linglong (浮生憶玲瓏)" was granted the game license number by the National Press and Publication Administration on 10 February 2023; the research and development of the game is in smooth progress and its open testing is expected to be conducted gradually this year. In addition, there are several reserve projects of different styles in the Group's new generation product research and development matrix, such as "Code: PE (代號 : PE)", which focuses in the European royal theme, and "Code: WX (代號 : WX)", which is a strategy game with Chinese martial arts theme. Therefore, the Board has full confidence in the long-term development and prospects of the Group.

The Board wishes to emphasize that the information contained in this announcement is only a preliminary assessment made by the management of the Company based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 and the information currently available to the Board. Such information has not been audited or reviewed by the auditors and the audit committee of the Company. The above information may be subject to adjustments, if any. Details of the financial results and performance of the Group for the year ended 31 December 2022 will be disclosed in the annual results announcement of the Group, which is expected to be announced by the end of March 2023.

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

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

Hong Kong, 17 February 2023

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