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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 six months ended 30 June 2023 (the “**Period**”) and the information currently available, the Group is expecting to record revenue of approximately RMB600 million to RMB650 million for the Period, compared with revenue of approximately RMB826 million for the corresponding period in 2022, with net loss for the Period of approximately RMB78 million to RMB85 million, compared to net loss of approximately RMB73 million for the corresponding period in 2022.

The decline in the Group’s results was mainly due to the following factors:

- (1) The decrease in revenue for the Period as compared to the corresponding period in 2022, mainly due to the normal fall-off in underlying revenue from aged games as they proceed with their life cycle; and
- (2) Impairment of deferred tax assets of approximately RMB60 million as a result of the expected unavailability of tax losses before they expire under the uncertainty of fluctuation in the Company’s results.

The Board is of the view that the Group’s major new game “Fate of the Twist (浮生憶玲瓏)” is undergoing delete file beta testing, while the research and development of other reserve products are also progressing smoothly, and at the same time, the Group has continued to consolidate and optimize its resources in order to reduce costs and improve efficiency, and has reduced the selling and marketing expenses by approximately 40% during the Period compared to the corresponding period in 2022. The Board has confidence in the Group’s long term development and prospects.

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 six months ended 30 June 2023 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 six months ended 30 June 2023 will be disclosed in the interim results announcement of the Group, which is expected to be announced by the end of August 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, 20 July 2023

As at the date of this announcement, the board of directors comprises Mr. Jiang Xiaohuang, Mr. Xu Lin 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 of the Company.