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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 2023 (the “**Reporting Period**”) and the information currently available, the Group is expecting to record revenue of approximately RMB1,040 million to RMB1,070 million for the Reporting Period, compared with revenue of approximately RMB1,524 million for the corresponding period in 2022, with net loss for the Reporting Period of approximately RMB130 million to RMB150 million, compared to profit of approximately RMB25 million for the corresponding period in 2022.

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

- (1) The underperformance of the new game “A Story of Lala’s: Rising Star (杜拉拉升職記)” launched in 2023, coupled with the promotion expenses for its launch ;
- (2) The normal fall-off in underlying revenue from old games as they proceed with their life cycle;
- (3) 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; and

- (4) The marketing expenses in the second half of 2023, as a result of the increased promotion activities before the launch of the new game “Twist of the Fate (浮生憶玲瓏)”.

As for new products, Twist of the Fate, a new generation of the Group’s flagship female-oriented traditional Chinese-style mobile game, has been launched in public beta on all platforms on 2 January 2024. Twist of the Fate, the second work of the Group’s series IP, with the endorsement of the first-line male star Mr. Luo Yunxi, has gained a large number of players’ attention. It was recommended by the home page of app stores including Apple and Huawei and was the most popular game on various game charts such as Bilibili, Weibo and TapTap. On 31 January 2024, the Group officially announced that Ms. Liu Xijun, a renowned Chinese singer as well as music producer, would perform the theme song of Twist of the Fate as the Ambassador of Twist of the Fate (玲瓏推薦官). Meanwhile, it is announced that the cooperation between Twist of the Fate and China Academy of Art, Xihu in Hangzhou and Shantang scenic area (七里山塘景區) in Suzhou will achieve synergy among culture and tourism in Suzhou and Hangzhou. At present, Twist of the Fate has ranked among the TOP 50 best-selling games on Apple App Store.

As for the progress of reserve games, Ink Sword: Jianghu (墨劍江湖) (original code: WX), a 2D martial arts mobile game, was granted the game license number in October 2023. At present, several rounds of free testing have been completed, and subsequent pay-for-play testing is under planning. Reign of Destiny (original code: PE), which focuses on the European royal theme, has undergone testing in the overseas market and is under adjustment with reference to the testing results. The Group is converting several major games to mini games to unleash revenue potential, and the game testing has gradually started.

In view of the abovementioned performance of new products and the progress of reserve products, as well as the fact that the Group has continued to optimize its resources in order to reduce costs, 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 year ended 31 December 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 year ended 31 December 2023 will be disclosed in the annual results announcement of the Group, which is expected to be announced by the end of March 2024.

**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, 6 February 2024

*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.*