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Qingci Games Inc.

青瓷游戏有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6633)

PROFIT UPDATE IN RESPECT OF THE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

This announcement is made by Qingci Games Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) 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 (the “**Shareholders**”), investors and potential investors of the Company that, based on a preliminary review and analysis of the unaudited consolidated management accounts of the Group for the year ended December 31, 2021 (the “**Current Reporting Year**”) and information currently available to the Board, the Group is expected to record:

1. an adjusted net profit for the Current Reporting Year in the range of approximately RMB415 million to RMB440 million, representing an increase of approximately 150.0% to 165.1% as compared to the adjusted net profit of approximately RMB166 million for the year ended December 31, 2020. Such increase was primarily attributable to (i) our landmark game *The Marvelous Snail* (最強蝸牛) continued to record profit growth in 2021 after its launch in June 2020; and (ii) the success in launching *Lantern and Dungeon* (提燈與地下城) in March 2021 which drives up our profit; and
2. based on the application of International Financial Reporting Standards (“**IFRS**”), a decrease in net profit of not less than 400% for the Current Reporting Year as compared with that for the year ended December 31, 2020, which was mainly attributable to (i) changes in fair value of convertible redeemable preference shares; and (ii) loss from financial instruments issued to investors. The above items combined amounted to approximately RMB745 million.

Reference is made to the prospectus of the Company dated December 6, 2021 (the “**Prospectus**”) in relation to the listing of the shares of the Company on the Main Board of the Stock Exchange (the “**Listing**”). As disclosed in the Prospectus, adjusted net profit for the three years ended December 31, 2020 was set out by adding back several accounting items, namely share-based compensation, losses from financial instruments issued to investors, fair value changes of convertible redeemable preferred shares, and listing expenses (collectively, the “**Adjusted items**”). Same treatment has also been applied to the adjusted net profit of the Current Reporting Year, as they are one-off and non-recurring in nature and not be indicative of our results of operation. The losses on the Adjusted items were approximately RMB790 million in aggregate for the Current Reporting Year. For details of the aforementioned additional financial measures, please refer to the Prospectus.

The Company believes that the expected adjusted net profit for the Current Reporting Year disclosed in this announcement, in addition to the losses recorded by the Group based on the application of the IFRS, provides more information to Shareholders and potential investors in understanding and evaluating the operating results of the Group for the Period.

The Company is in the process of finalizing the annual results of the Group for the Current Reporting Year. The information contained in this announcement is based solely on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Current Reporting Year and the information currently available to the Board, which has yet to be reviewed by the audit committee and the independent auditors of the Company. Accordingly, the actual results of the Group for the Current Reporting Year may differ from the information disclosed in this announcement. Shareholders, investors and potential investors of the Company are advised to refer to the details in the annual results announcement of the Group for the Current Reporting Year, which is expected to be published by the end of March 2022.

The presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure stated in this announcement has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group’s operating results or financial condition as reported under the IFRS.

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

By Order of the Board
Qingci Games Inc.
Liu Siming
Executive Director

Hong Kong, February 24, 2022

As at the date of this announcement, the Board comprises Mr. Yang Xu, Mr. Huang Zhiqiang, Mr. Liu Siming and Mr. Zeng Xiangshuo as executive Directors, and Mr. Zhang Longgen, Professor Lam Sing Kwong Simon and Ms. Fang Weijin as independent non-executive Directors.