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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 WARNING IN RESPECT OF THE FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2022

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 of the Company’s unaudited consolidated management accounts of the Group for the six months ended June 30, 2022 (the “**Reporting Period**”) and information currently available to the Board, the Group is expected to record:

- (1) a revenue for the Reporting Period ranging from approximately RMB250 million to RMB270 million, as compared to the revenue of approximately RMB763 million for the six months ended June 30, 2021. It is expected that an adjusted net loss ranging from approximately RMB60 million to RMB90 million will be recorded, as compared to the adjusted net profit of approximately RMB313.7 million for the six months ended June 30, 2021. The expected turnaround from adjusted net profit to adjusted net loss was primarily attributable to (i) the decrease in revenue as our landmark games reached mature stage of their life cycles; (ii) marketing expenses incurred from intensive marketing and promotion since the launching of *The Marvelous Snail* (最強蝸牛) on June 8, 2022 in Japan which is yet to be fully offset by revenue generated during the Reporting Period due to relatively short game duration after launch; and (iii) the Group continuing to increase research and development investment for its pipeline games, including the increase in the number of employees engaging in research and development activities and the corresponding increase in employee benefits expenses.
- (2) based on the application of International Financial Reporting Standards (“**IFRS**”), the Company recorded net loss ranging from approximately RMB60 million to RMB90 million during the Reporting Period as compared to a net loss of approximately RMB93.8 million for the six months ended June 30, 2021. The main reasons for the loss during the Reporting Period were in consistent with the above-mentioned reasons for the adjusted net loss. In addition, the main factors that led to the loss in the same period last year including (i) changes in fair value of convertible redeemable preference shares; and (ii) financial instruments issued to investors, which led to total losses of approximately RMB392 million for the same period last year were not applicable during the Reporting Period.

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 and the six months ended June 30, 2020 and 2021, respectively were 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 loss during the Reporting Period, but as there was no Adjusted Items incurred during the Reporting Period, the amount of the adjusted net loss during the Reporting Period is the same as the net loss amount calculated based on the IFRS.

The Board believes that despite the Group recorded a phasic loss for the Reporting Period, the successful launch of *The Marvelous Snail* (最強蝸牛) in Japan in June 2022, alongside with our plan to launch a number of new games in the second half of 2022 and our continuous expansion of our game reserves will be key drivers of our business development in 2022.

The Company is in the process of finalizing the interim results of the Group for the Reporting Period. 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 Reporting Period and the information currently available to the Board, which has yet to be reviewed by the audit committee and/or the independent auditors of the Company. Accordingly, the actual results of the Group for the Reporting Period 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 interim annual results announcement of the Group for the Reporting Period, which is expected to be published by the end of August 2022.

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, August 1, 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.