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## **ARCHOSAUR GAMES INC.**

### **祖 龙 娱 乐 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9990)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Archosaur Games Inc. (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Results Announcement**”).

The interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee and by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

## FINANCIAL PERFORMANCE HIGHLIGHTS

	For the six months ended 30 June		Change %
	2025 RMB million (Unaudited)	2024 RMB million (Unaudited)	
<b>Revenue</b>	<b>634.3</b>	439.4	44.4%
Cost of revenue	<u>(181.5)</u>	<u>(117.7)</u>	<u>54.2%</u>
<b>Gross profit</b>	<b>452.8</b>	321.7	40.8%
Research and development expenses	<b>(265.5)</b>	(264.1)	0.5%
Selling and marketing expenses	<b>(222.3)</b>	(172.7)	28.7%
Administrative expenses	<b>(44.8)</b>	(47.0)	(4.7%)
Net impairment (losses)/reversal on financial assets	<b>(0.3)</b>	2.6	(111.5%)
Other income	<b>4.0</b>	1.7	135.3%
Other gains, net	<u><b>39.3</b></u>	<u>3.8</u>	<u>934.2%</u>
<b>Operating loss</b>	<b>(36.8)</b>	(154.0)	(76.1%)
Finance income	<b>24.1</b>	26.0	(7.3%)
Finance costs	<u><b>(0.4)</b></u>	<u>(1.4)</u>	<u>(71.4%)</u>
Finance income, net	<b>23.7</b>	24.6	(3.7%)
Share of results of investments accounted for using the equity method	<u><b>3.0</b></u>	<u>(3.5)</u>	<u>(185.7%)</u>
<b>Loss before income tax</b>	<b>(10.1)</b>	(132.9)	(92.4%)
Income tax expense	<u><b>(1.6)</b></u>	<u>(1.1)</u>	<u>45.5%</u>
<b>Loss for the period</b>	<u><b>(11.7)</b></u>	<u>(134.0)</u>	<u>(91.3%)</u>
<b>Non-IFRS measure:</b>			
Adjusted net loss <sup>(1)</sup>	<u><b>(7.7)</b></u>	<u>(120.4)</u>	<u>(93.6%)</u>

*Note:*

- (1) We define adjusted net loss as loss for the period adjusted by the add back of share-based compensation expenses. We eliminate the impact of the item that our management does not consider to be indicative of our operating performance considering it is non-cash in nature.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Our mission is to be a top-class gaming company in the world, serving global game players by continuously creating industry-leading games of various genres with excellent online entertainment experience.

We are a pioneer in China's mobile game industry focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres, and our strength in research and development has been proven over and over again. We continue to provide superior game content to players and have won excellent market reputation.

“Polishing products with sincerity and paving the way on innovation” is the core spirit we have been always upholding. Deepening our technical research into the Unreal Engine and building next-generation 3A realistic rendering effects and immersive scene and character experience are the areas where we continue to focus our efforts. We deeply explore the application of AI in game development, and enhance the dynamic vitality of games by means such as embedding intelligent NPCs (Non-Player Characters) in games and combining UGC (User Generated Content) and AIGC (Artificial Intelligence Generated Content). We further implement our integrated R&D and operation strategy for global development, customize differentiated strategies for different markets, strengthen deep local penetration and value enhancement in each regional market on the basis of continuing to adhere to “going out”, and achieve steadily a deeper level of development.

### OUR EXISTING GAMES

As at the date of this Results Announcement, we had launched 24 mobile games with multiple regional versions in 14 languages available in more than 170 regional markets. The high-quality and diversified game portfolio that we offered had excellent market reputation.

Life Makeover (以閃亮之名) is an ultra-free fashionable female-oriented mobile game which was developed by new generation of female production and planning team of the Company. Since its launch, the game has ranked among top 10 of the Bestsellers Games Chart for iOS in Chinese mainland more than ten times with strong performance. With the improvement of R&D and operational efficiency, following the record-breaking monthly profit in January 2025 since its launch, in the first half of 2025, it recorded significant year-on-year and half-year-on-half-year growth in profit. The game introduced its global official ambassador, Litchi Kitten (荔枝喵), to bring warm emotional companionship to players relying on large language model, which won widespread praise from players. The theme song Mother Goddess Nuo (《母神儺》) of Feast of Dance (踏歌神饗) version of the game, which was updated in July 2025, had more than 3 million views within three days of its launch on Bilibili, and has been launched on multiple music platforms, attracting great attention from players. The game continues to be updated with high quality, carrying out joint events with Happy Valley, Empresses in the Palace (《甄嬛傳》), Gugong Gongyuan (故宮宮苑), Ele.me, etc., driving a significant increase in the activity of game users. In the first half of 2025, the average DAU (Daily Active Users) in Chinese mainland surpassed the average DAU of the whole years of 2024 and 2023, respectively. Especially with the updates in summer season and market promotion such as large-scale live streams, the average DAU during the summer season (July to the date of this Results Announcement) reached its peak since 2025. The official Weibo of Life Makeover (以閃亮之名) has accumulated about 20 million retweets, comments and likes, and the TapTap platform has a consistently high rating of 9.0. As at the date of this Results Announcement, the global cumulative gross billings of Life Makeover (以閃亮之名) exceeded RMB2 billion.

Dragon Raja: Cassell Gate (龍族：卡塞爾之門) is a strategy card game adapted and developed based on the Dragon Raja (龍族) series of novels and animations and powered by Unreal Engine 4. In April 2025, it was launched in China's Hong Kong, Macao and Taiwan regions, topping the Top Free Games Chart of the iOS App Store in the pre-download stage, and then ranked fifth and sixth on the Bestsellers Games Chart of the iOS App Store in Hong Kong, China and Taiwan, China. The game launched the first UR (Ultra Rare) twin partner "Chu Zihang (楚子航) & Xia Mi (夏彌)" in July 2025, bringing differentiated surprises to players. With the launch of new themed events and meticulous operational planning during the summer, the game's MAU (Monthly Active Users) and average DAU in Chinese mainland demonstrated significant growth compared to the first half of 2025. On 1 August, both DAU and new users count hit record highs for 2025. On the basis of adhering to the two main lines of numerical value and content, the game strengthens the iteration frequency of the content line, uses season-based gameplay to meet the freshness of players focusing on numerical progression, and improves the vitality of the game users through joint activities with Want Want, Dunhuang, etc. Nearly a year after its launch in Chinese mainland, it still gained considerable new users while maintaining long-term stickiness of users. As an outstanding strategy card game, this product has been widely recognized and praised from all sectors since its launch. Its exceptional performance demonstrated our strong capabilities of self-development and self-publishment in the card game genre, further reinforcing our commitment to long-term operation. On the first day of launch in Thailand, it entered the top three of Top Free Games Chart of the iOS App Store and remained in the top five for several consecutive days.

Immortal Skywalker (踏風行) is a Chinese-style idle RPG mobile game in cultivation themes powered by Unreal Engine 4. With excellent art performance, the game highly fulfills players' fantasy of cultivation games, and at the same time, enables different types of players to get good gaming experience and establishes a healthy and harmonious game ecology through social gameplay. The game was officially launched in Chinese mainland on 16 May 2025, and topped the Top Free Games Chart of the iOS App Store on the day of pre-download.

It is particularly noteworthy that the Company launched the MMORPG mobile game Dragon Raja (龍族幻想) powered by Unreal Engine 4 in July 2019 and the turn-based MMORPG mobile game Fantasy Zhuxian (夢幻誅仙) in November 2016, which have been in operation for more than 6 and 8 years respectively since their launch. Compared to the same period in 2024 and the second half of 2024, Fantasy Zhuxian (夢幻誅仙), which was already in its mature stage, bucked the trend and achieved positive growth in gross billings and new users in the first half of 2025, demonstrating the long-term viability of turn-based MMORPG games. Our R&D team updated the games with extremely high personnel efficiency ratio, ensuring the playability of the games and the long-term stability of monthly gross billings.

For a number of classic games under operation such as Under the Firmament (鴻圖之下), Love & Sword (御劍情緣), Sango Heroes: The Hegemony (三國群英傳：鴻鵠霸業), Loong Craft (六龍爭霸) and World of Kings (萬王之王 3D), the Company continued to invest and maintain, and built a healthy long-term operational ecosystem of the games through events such as anniversary celebrations and version updates, with the performance of each game being relatively stable and continuing to contribute to the Group's revenue.

## OUR GAME PIPELINE

To build up a diversified game portfolio across a wide range of genres, seven game products are expected to be launched globally over the period from the second half of 2025 to 2027, covering different genres of games.

As at the date of this Results Announcement, the table below sets out certain information regarding our new games which are expected to be launched for the periods indicated, including title, genre, IP source, development stage, expected launch year and major markets.

Title <sup>(1)</sup>	Genre <sup>(1)</sup>	IP source <sup>(1)</sup>	Development stage as at the date of this Results Announcement <sup>(1)</sup>	Expected launch year <sup>(1)</sup>	Major markets <sup>(1)(2)</sup>
<b>2025</b>					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門)	Strategy Card Game	Licensed IP	Game Testing	2025	Southeast Asia <sup>(3)</sup>
Life Makeover (以閃亮之名)	Female-oriented Game	Original IP	Game Testing	2025	South Korea
<b>2026</b>					
Dragon Raja: Cassell Gate (龍族: 卡塞爾之門)	Strategy Card Game	Licensed IP	Game Testing	2026	Japan, South Korea and other parts of the world
Immortal Skywalker (踏風行)	Idle RPG	Original IP	Game Testing	2026	Asia (except Chinese mainland)
Project Code: Free and Unfettered (逍遙)	MMORPG	Original IP	Game Production	2026	Chinese mainland
Project K <sup>(4)</sup>	Female-oriented Game	Original IP	Game Production	2026	Worldwide
<b>2027</b>					
Project G	Strategy Card Game	Licensed IP	Game Production	2027	Worldwide
Project Code: One	Action Shooting Game	Original IP	Game Proposal	2027	Worldwide

### Notes:

- (1) The game pipeline is for indicative purpose only as at the date of this Results Announcement. The title, genre, IP source, development stage, expected launch year, major markets and other information of each game in the pipeline may be subject to further changes according to their respective development and pre-approval status.
- (2) The major markets refer to target publishing markets. The games will be launched successively in different regions according to their respective publishing plans.
- (3) Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) was launched in Southeast Asia on 14 August 2025.
- (4) Project I has been renamed to Project K.

The introduction of several new games in our game pipeline is provided as follows:

Project Code: Free and Unfettered (逍遙) is a turn-based MMORPG game. It combines Chinese style and cartoon aesthetics, dedicating to creating an immersive turn-based experience for players. The game cleverly uses Chinese elements to organically combine cultural depth with artistic beauty, allowing players to deeply feel the charm of traditional Chinese culture while enjoying the fun of the game. Through its meticulously designed cultivation system and rich worldview, the game leads players into a fantastical world brimming with emotions and adventures. The external test of the game is scheduled to be carried out in the second half of 2025.

Project G is a strategy card game adapted from famous IP and set in a Western fantasy setting.

Project K is a female-oriented game powered by Unreal Engine 5.

During the Reporting Period, we recorded revenue of RMB634.3 million, representing an increase of 44.4% as compared with RMB439.4 million for the same period in 2024, which was primarily attributable to the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名). In the future, with the expansion of our product genres from MMORPGs, female-oriented, strategy cards and SLGs to idle RPG and other more diversified games, and with a variety of styles and the continuous improvement of our organic model of integrating R&D and operation, the lifecycle of our games is expected to be further extended, which will make a more stable and sustainable contribution to the Group's revenue.

## FINANCIAL REVIEW

### REVENUE

The following table sets forth the breakdown of our revenue by business segment for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million (Unaudited)	% of total revenue	RMB million (Unaudited)	% of total revenue
Development and licensing	55.1	8.7%	62.0	14.1%
– Revenue share	51.6	8.1%	57.5	13.1%
– Non-refundable fixed licensing fees	3.5	0.6%	4.5	1.0%
Integrated game publishing and operation	579.0	91.3%	376.5	85.7%
Others	0.2	0.0%	0.9	0.2%
<b>Total</b>	<b>634.3</b>	<b>100.0%</b>	<b>439.4</b>	<b>100.0%</b>

For the six months ended 30 June 2025, our revenue from development and licensing was RMB55.1 million, representing a decrease of 11.1% from RMB62.0 million for the corresponding period in 2024, and our revenue from integrated game publishing and operation was RMB579.0 million, representing an increase of 53.8% from RMB376.5 million for the corresponding period in 2024.

The following table sets forth the breakdown of our revenue by geographical segment for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million (Unaudited)	% of total revenue	RMB million (Unaudited)	% of total revenue
Chinese mainland	511.7	80.7%	304.0	69.2%
Areas outside Chinese mainland	122.6	19.3%	135.4	30.8%
<b>Total</b>	<b>634.3</b>	<b>100.0%</b>	<b>439.4</b>	<b>100.0%</b>

For the six months ended 30 June 2025, our revenue generated from market in Chinese mainland was RMB511.7 million, representing an increase of 68.3%, from RMB304.0 million for the corresponding period in 2024, and our revenue generated from areas outside Chinese mainland was RMB122.6 million, representing a decrease of 9.5%, from RMB135.4 million for the corresponding period in 2024.

The increase in total revenue was mainly attributable to (i) the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as (ii) the sustained steady performance of Life Makeover (以閃亮之名) during the Reporting Period.

## COST OF REVENUE

The following table sets out a breakdown of our cost of revenue by nature in absolute amounts and as percentages of our cost of revenue for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	RMB million (Unaudited)	% of cost of revenue	RMB million (Unaudited)	% of cost of revenue
Commissions charged by distribution channels and payment channels	135.2	74.5%	86.4	73.4%
Commissions charged by IP holders	19.9	11.0%	9.6	8.2%
Bandwidth and servers custody fee	13.3	7.3%	11.8	10.0%
Employee benefit expenses	6.4	3.5%	6.2	5.3%
Depreciation and amortization charges	3.7	2.0%	1.2	1.0%
Others	3.0	1.7%	2.5	2.1%
<b>Total</b>	<b>181.5</b>	<b>100.0%</b>	<b>117.7</b>	<b>100.0%</b>



Our cost of revenue primarily consisted of (i) commissions charged by distribution channels and payment channels; (ii) commissions charged by IP holders; and (iii) bandwidth and servers custody fee. Our cost of revenue increased to RMB181.5 million for the six months ended 30 June 2025 as compared with RMB117.7 million for the corresponding period in 2024. The growing trend was in line with the increase in the revenue of the integrated game publishing and operation business.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

For the six months ended 30 June 2025, the gross profit of the Group increased by 40.8% to RMB452.8 million as compared with RMB321.7 million for the corresponding period in 2024, which was primarily attributable to revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名) during the Reporting Period. The gross profit margin of the Group decreased to 71.4% for the six months ended 30 June 2025 from 73.2% for the corresponding period in 2024, remaining largely consistent with the comparable period.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) outsourced technical services; and (iii) depreciation and amortization charges. For the six months ended 30 June 2025, our research and development expenses increased by 0.5% to RMB265.5 million as compared with RMB264.1 million for the corresponding period in 2024. The slight increase was attributable to our ongoing cost control in employee benefit expenses.

## **SELLING AND MARKETING EXPENSES**

Our selling and marketing expenses primarily consisted of (i) promotion and advertising expenses; and (ii) employee benefit expenses. For the six months ended 30 June 2025, our selling and marketing expenses increased by 28.7% to RMB222.3 million as compared with RMB172.7 million for the corresponding period in 2024, mainly attributable to (i) the launch of Immortal Skywalker (踏風行) in Chinese mainland during the Reporting Period, and (ii) the ongoing promotion and advertising expenses incurred for Dragon Raja: Cassell Gate (龍族：卡塞爾之門). It was partially offset by reduced advertising expenditures for Life Makeover (以閃亮之名) as it transitioned to steady-state operations.

## **ADMINISTRATIVE EXPENSES**

Our administrative expenses primarily consisted of (i) employee benefit expenses; and (ii) utilities and office expenses. For the six months ended 30 June 2025, our administrative expenses decreased by 4.7% to RMB44.8 million as compared with RMB47.0 million for the corresponding period in 2024, mainly attributable to our cost control in administrative expenses.



## **OTHER INCOME**

Our other income primarily consisted of (i) interest income on other financial assets at amortized cost; and (ii) government grants. For the six months ended 30 June 2025, our other income increased by 135.3% to RMB4.0 million as compared with RMB1.7 million for the corresponding period in 2024, due to the interest income generated from the other financial assets at amortized cost held by the Group during the Reporting Period, which was partially offset by a decrease in government grants.

## **OTHER GAINS, NET**

Our net other gains primarily consisted of (i) net foreign exchange gains/(losses); and (ii) gains on financial assets at fair value through profit or loss. For the six months ended 30 June 2025, our net other gains increased by 934.2% to RMB39.3 million as compared with RMB3.8 million for the corresponding period in 2024, mainly attributable to the net foreign exchange gains.

## **FINANCE INCOME, NET**

Finance income represented interest income from bank deposits, including bank balance and term deposits. Finance costs primarily consisted of interest expenses accrued from our lease liabilities. For the six months ended 30 June 2025, our net finance income decreased by 3.7% to RMB23.7 million as compared with RMB24.6 million for the corresponding period in 2024, remaining relatively stable during the comparable period.

## **INCOME TAX EXPENSE**

Our income tax expense consisted of current income tax expense and deferred income tax expense/(credit), and we incurred total income tax expense of RMB1.6 million for the six months ended 30 June 2025, compared with RMB1.1 million for the corresponding period in 2024, mainly attributable to the partial utilization of deferred income tax assets related to promotion and advertising expenses in prior periods.

## **ADJUSTED NET LOSS**

The adjusted net loss for the six months ended 30 June 2025 amounted to RMB7.7 million as compared with adjusted net loss of RMB120.4 million for the corresponding period in 2024. Such decrease in loss was primarily attributable to (i) revenue growth driven by the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) and Immortal Skywalker (踏風行) in Chinese mainland in the second half of 2024 and the first half of 2025 respectively, as well as the sustained steady performance of Life Makeover (以閃亮之名); and (ii) the net gains on foreign exchange, which was partially offset by the increase in promotion and advertising expenses.

The Company believes that adjusted net loss for the six months ended 30 June 2025, as compared with loss for the six months ended 30 June 2025 as reported under the IFRS, can better reflect the underlying operating performance of the Group as well as facilitate period to period comparison. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the six months ended 30 June 2025 and 2024 to the nearest measures prepared in accordance with IFRS:

	<b>For the six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Reconciliation of loss for the period to adjusted net loss for the period:</b>		
<b>Loss for the period</b>	<b>(11.7)</b>	<b>(134.0)</b>
Add back:		
Share-based compensation expenses	<u><b>4.0</b></u>	<u>13.6</u>
<b>Adjusted net loss for the period</b>	<u><u><b>(7.7)</b></u></u>	<u><u><b>(120.4)</b></u></u>

## **LIQUIDITY AND FINANCIAL RESOURCES**

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity financing. We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present.

The following table sets out our cash flows for the periods indicated:

	<b>For the six months ended 30 June</b>		
	<b>2025</b>	<b>2024</b>	
	<b>RMB million</b>	<b>RMB million</b>	<b>Change</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>%</b>
Net cash used in operating activities	<b>(36.1)</b>	(68.3)	(47.1%)
Net cash (used in)/from investing activities	<b>(117.7)</b>	112.7	(204.4%)
Net cash used in financing activities	<b>(16.2)</b>	(43.5)	(62.8%)
Net (decrease)/increase in cash and cash equivalents	<b>(170.0)</b>	0.9	(18988.9%)
Cash and cash equivalents at the beginning of the period	<b>433.7</b>	555.0	(21.9%)
Exchange (losses)/gains on cash and cash equivalents	<b>(2.0)</b>	2.6	(176.9%)
Cash and cash equivalents at the end of the period	<b><u>261.7</u></b>	<b><u>558.5</u></b>	<b><u>(53.1%)</u></b>

### **Operating Activities**

For the six months ended 30 June 2025, net cash used in operating activities was RMB36.1 million, compared with RMB68.3 million for the corresponding period in 2024, representing a decrease of 47.1%. The decrease was mainly attributable to the growth in cash inflows from the gaming business.

### **Investing Activities**

For the six months ended 30 June 2025, net cash used in investing activities was RMB117.7 million, compared with RMB112.7 million generated from investing activities for the corresponding period in 2024, mainly attributable to an increase in the purchases of term deposits during the Reporting Period.

### **Financing Activities**

For the six months ended 30 June 2025, net cash used in financing activities was RMB16.2 million, compared with RMB43.5 million for the corresponding period in 2024, representing a decrease of 62.8%. The decrease was mainly attributable to the prepayments made to stockbrokers in the prior period for the share repurchase arrangements in the Reporting Period.

### **GEARING RATIO**

As at 30 June 2025, our gearing ratio, which is calculated as total liabilities divided by total assets, was 23.7%, as compared with 19.0% as at 31 December 2024.

## CAPITAL EXPENDITURE

Our capital expenditure comprised expenditures on purchase of intangible assets and purchase of property, plant and equipment. For the six months ended 30 June 2025 and 2024, total capital expenditure amounted to RMB4.4 million and RMB16.0 million respectively, representing a decrease of 72.5%. The decrease was mainly attributable to the decrease in payment for intangible assets purchases.

## SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

### Subscription of Wealth Management Products

In 2024, Archosaur Entertainment Limited, a wholly-owned subsidiary of the Company, subscribed for the wealth management products (i.e. the notes in the principal amount of US\$9.8 million and the bonds in the principal amount of US\$10.1 million) through Morgan Stanley Bank Asia Limited (“Morgan Stanley Asia”). As at 30 June 2025, none of such wealth management products had expired.

During the six months ended 30 June 2025, the Group held the following significant investments with the same counterparty which represent 5% or more of the total assets of the Group as at 30 June 2025 and are measured at amortized cost<sup>(1)</sup>:

Name of investment	Investment date	Nature of product	Cost <sup>(2)</sup> (RMB million)	Carry amount as at 30 June 2025 (RMB million)	Expected annualized yield %	Dividends received (RMB million)	Gains incurred for the six months ended 30 June 2025 (RMB million)	Percentage to the Group's total assets as at 30 June 2025 %
<b>Relevant Financial Products of Morgan Stanley Asia</b>								
STEP-DOWN FIXED RATE CALLABLE NOTES	9 January 2024	Fixed-rate notes	70.1	71.8	1st year: 5.68%, 2nd year: 5.38%, 3rd year: 5.08%, 4th year: 4.78%, 5th year: 4.48%	N/A	1.9	2.6%
US TREASURY NOTE	3 July 2024	US Treasury Note	72.0	72.3	4.43%	N/A	1.6	2.7%
<b>Total</b>			<b>142.1</b>	<b>144.1</b>			<b>3.5</b>	<b>5.3%</b>

*Note:*

- (1) These investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs.
- (2) Such costs of the investments are translated into RMB at the exchange rate as at 30 June 2025.

### ***Description of Relevant Financial Products of Morgan Stanley Asia***

In 2024, the Group subscribed for relevant financial products of Morgan Stanley Asia, including STEP-DOWN FIXED RATE CALLABLE NOTES and US TREASURY NOTE. Among them, the carrying amount of the STEP-DOWN FIXED RATE CALLABLE NOTES, measured at amortized cost was approximately RMB71.8 million as at 30 June 2025. The expected annualized yields of the products are 5.68% in the first year, 5.38% in the second year, 5.08% in the third year, 4.78% in the fourth year and 4.48% in the fifth year. The carrying amount of US TREASURY NOTE was measured at amortized cost which amounted to approximately RMB72.3 million as at 30 June 2025, with an expected annualized yield of 4.43%. The sources of funds for the investment in the relevant financial products of Morgan Stanley Asia are the Company's internal resources.

### ***Significant Investment Strategy***

The Board believes that reasonable and effective utilization of temporary idle funds will enhance the capital gain of the Company, which accords with the core objectives of the Company to ensure capital safety and liquidity and meets the working capital requirements of the Group's daily operations. Having considered the level of risk involved in the subscriptions of wealth management products and compared different price quotes, the Company is of the view that such subscriptions will deliver relatively stable returns. The subscriptions of wealth management products have been made on the premise that the Group has the working capital requirements for the daily operations. The Group has fully assessed and measured the risks and returns of the subscriptions of wealth management products as well as the future capital requirements, which will not affect the normal operation of the daily working capital and the development of our principal business operations.

For further details, please refer to the announcement of the Company dated 3 July 2024.

Save as disclosed in this Results Announcement, as at 30 June 2025, there was no significant investment held by the Group or future plans for significant investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 30 June 2025.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

For the six months ended 30 June 2025, there was no material acquisitions or disposal of subsidiaries, associates and joint ventures.

### **CHARGE ON ASSETS**

As at 30 June 2025, no property, plant and equipment was pledged.

### **CONTINGENT LIABILITIES**

As at 30 June 2025, we did not have any unrecorded significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2025, we employed approximately 1,052 full-time staff in total, approximately 76.0% of whom are research and development personnel. Substantially all of our employees are based in China, primarily at our headquarters in Beijing, with the remainder in Chengdu, Changchun, Shanghai and Hainan. For the six months ended 30 June 2025, cost of employees' remuneration and benefit was approximately RMB276.4 million as compared with RMB274.6 million for the six months ended 30 June 2024.

We are committed to establishing a competitive and fair remuneration and benefits environment for our employees. To effectively motivate our business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, we continually refine our remuneration and incentive policies through market research and comparisons with our competitors. We conduct monthly performance evaluations to provide employee performance feedback, and report conduct quarterly selections to affirm and encourage outstanding employees. Remuneration for our employees typically consists of a base salary and performance-based and year-end bonuses. To incentivize our Directors, senior management and employees of the Group for their contribution to our Group, the Company adopted the Pre-IPO RSU Scheme, the RSU Scheme and the Share Option Scheme.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize training sessions conducted by senior employees or external consultants, covering various aspects of our business operations, including overall management, project execution and technical know-how. We constantly review the content of training and follow up with employees to evaluate the effect of such training. Through the training, we help our employees to stay up to date with both industry development, skills and technologies. We also organize workshops, from time to time, to discuss specific topics.

## **FOREIGN CURRENCY EXCHANGE RISKS**

For the six months ended 30 June 2025, most of transactions of the Group and our cash and cash equivalents were denominated in RMB, US\$ and HK\$. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. For the six months ended 30 June 2025, the Group has not incurred any significant foreign currency exchange losses in its operations. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

## **USE OF NET PROCEEDS FROM GLOBAL OFFERING**

The Shares have been listed on the Stock Exchange since 15 July 2020. The net proceeds raised from the Global Offering (after taking account of the exercise of over-allotment option), after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK\$2,358.5 million.



The below table sets forth the proposed and actual applications of the net proceeds from the Listing Date to 30 June 2025:

Use of net proceeds	Percentage	Net proceeds from the Global Offering (HK\$ million)	The amount utilized during the Reporting Period (HK\$ million)	As at 30 June 2025		Expected timeline for utilizing the remaining net proceeds <sup>(1)</sup>
				Utilized amount (HK\$ million)	Unutilized amount (HK\$ million)	
Enhancing the development capabilities and technology and expanding our game portfolio	40%	943.5	–	943.5	–	–
Expanding game publishing and operation business, particularly in markets outside Chinese mainland	20%	471.7	–	471.7	–	–
Funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media, and telecom	20%	471.7	–	225.6	246.1	2025.07-2026.12
Expanding the IP reserve and enriching our content offerings	10%	235.8	–	235.8	–	–
Working capital and general corporate uses	10%	235.8	–	235.8	–	–
<b>Total</b>	<b>100%</b>	<b>2,358.5</b>	<b>–</b>	<b>2,112.4</b>	<b>246.1</b>	

*Note:*

- (1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

Since the Listing Date and up to 30 June 2025, approximately HK\$2,112.4 million out of net proceeds from the Global Offering had been used.

As disclosed in the 2024 annual report of the Company, the timeline of utilizing the remaining net proceeds in respect of funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media and telecom was extended to December 2026. As at 31 December 2024, the net proceeds in respect of expanding the IP reserve and enriching our content offerings had been completely used.

Apart from the above-mentioned adjustments, as at the date of this Results Announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

To the extent that net proceeds are not immediately used for the intended use, the Company currently intends to place such proceeds in short-term interest bearing instruments, such as liquid fixed income securities, short-term bank deposits, short-term and low risk wealth management products or money market instruments with licensed commercial banks or other authorized financial institutions so long as it is deemed to be in the best interests of the Company.

## **EVENTS AFTER REPORTING PERIOD**

The Group did not have any significant events after the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. During the six months ended 30 June 2025, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code save for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Li Qing is the executive Director, chairman of the Board and the chief executive officer of the Company. With extensive experience in the information technology and game industry, Mr. Li Qing is responsible for the overall management, decision-making and strategy planning of the Group and has been instrumental to the Group's growth and business expansion since the establishment of the Group. Since Mr. Li Qing is one of the key persons for the Group's management, the Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Li Qing, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management of the Group and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Li Qing. The Board currently comprises two executive Directors (including Mr. Li Qing), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the six months ended 30 June 2025.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this Results Announcement, the Audit Committee consists of three members, namely Mr. Zhu Lin, Ms. Wang Jing and Mr. Ding Zhiping. Mr. Zhu Lin is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 and this Results Announcement. The Audit Committee has no disagreement with the accounting treatment in the unaudited interim financial information and this Results Announcement.

## REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2025, the Board considered the repurchases of Shares could enhance the net value of the Group and improve the return on equity and will benefit the Company and the Shareholders as a whole, thus the Company repurchased a total of 817,000 Shares on the Stock Exchange at a total consideration of HK\$971,100. All such repurchased Shares were yet to be cancelled as at 30 June 2025.

Details of the aforementioned repurchases are set out as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Total purchase price paid (HK\$)
April 2025	817,000	1.29	1.16	971,100
<b>Total</b>	<b>817,000</b>			<b>971,100</b>

Save as disclosed above, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

## PUBLICATION OF THIS RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This Results Announcement is published on the websites of the Company ([www.zulong.com](http://www.zulong.com)) and the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2025 will be dispatched to the Shareholders and published on the above websites in due course.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2025**

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	<i>4</i>	<b>634,366</b>	439,432
Cost of revenue	<i>6</i>	<b>(181,545)</b>	(117,686)
<b>Gross profit</b>		<b>452,821</b>	321,746
Research and development expenses	<i>6</i>	<b>(265,481)</b>	(264,104)
Selling and marketing expenses	<i>6</i>	<b>(222,313)</b>	(172,711)
Administrative expenses	<i>6</i>	<b>(44,748)</b>	(47,009)
Net impairment (losses)/reversal on financial assets	<i>6</i>	<b>(335)</b>	2,555
Other income		<b>4,038</b>	1,750
Other gains, net	<i>5</i>	<b>39,257</b>	3,804
<b>Operating loss</b>		<b>(36,761)</b>	(153,969)
Finance income		<b>24,053</b>	26,013
Finance costs		<b>(411)</b>	(1,442)
Finance income, net		<b>23,642</b>	24,571
Share of results of investments accounted for using the equity method		<b>3,022</b>	(3,483)
<b>Loss before income tax</b>		<b>(10,097)</b>	(132,881)
Income tax expense	<i>7</i>	<b>(1,633)</b>	(1,160)
<b>Loss for the period</b>		<b>(11,730)</b>	(134,041)
<b>Loss attributable to:</b>			
– Owners of the Company		<b>(11,730)</b>	(134,041)
– Non-controlling interests		<b>–</b>	–
		<b>(11,730)</b>	(134,041)
<b>Loss per share attributable to owners of the Company for the period (in RMB per share)</b>	<i>8</i>		
– Basic		<b>(0.01)</b>	(0.17)
– Diluted		<b>(0.01)</b>	(0.17)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
Note	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	<u>(11,730)</u>	<u>(134,041)</u>
<b>Other comprehensive (loss)/income, net of tax:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(2,484)	3,145
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	<u>(31,156)</u>	<u>14,273</u>
<b>Total comprehensive loss for the period</b>	<u><b>(45,370)</b></u>	<u><b>(116,623)</b></u>
<b>Attributable to:</b>		
– Owners of the Company	(45,370)	(116,623)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u><b>(45,370)</b></u>	<u><b>(116,623)</b></u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2025**

	<i>Note</i>	<b>As at 30 June 2025 RMB'000 (Unaudited)</b>	<b>As at 31 December 2024 RMB'000 (Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>6,109</b>	9,404
Right-of-use assets		<b>141,304</b>	18,361
Intangible assets		<b>95,386</b>	102,590
Investments accounted for using the equity method		<b>67,620</b>	64,598
Prepayments, other receivables and other assets		<b>12,524</b>	12,439
Term deposits		<b>154,262</b>	173,097
Financial assets at fair value through profit or loss		<b>239,677</b>	235,317
Other financial assets at amortized cost		<b>142,096</b>	142,705
Deferred income tax assets		<b>16,871</b>	17,770
		<b>875,849</b>	776,281
<b>Current assets</b>			
Trade receivables	<i>10</i>	<b>128,594</b>	120,023
Prepayments, other receivables and other assets		<b>104,449</b>	95,518
Financial assets at fair value through profit or loss		<b>454,016</b>	443,508
Term deposits		<b>879,785</b>	729,341
Cash and cash equivalents		<b>261,653</b>	433,689
		<b>1,828,497</b>	1,822,079
<b>Total assets</b>		<b>2,704,346</b>	2,598,360



	<i>Note</i>	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		55	55
Share premium		6,994,048	6,980,625
Other reserves		(1,632,284)	(1,588,338)
Accumulated losses		(3,298,788)	(3,287,058)
		<u>2,063,031</u>	<u>2,105,284</u>
<b>Non-controlling interests</b>		<u>—</u>	<u>—</u>
<b>Total equity</b>		<u><b>2,063,031</b></u>	<u><b>2,105,284</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities	4	22,482	23,697
Lease liabilities		111,693	—
Deferred income tax liabilities		3,164	3,021
		<u>137,339</u>	<u>26,718</u>
<b>Current liabilities</b>			
Trade and other payables	11	185,017	192,883
Contract liabilities	4	286,919	251,721
Current income tax liabilities		6,590	6,205
Lease liabilities		25,450	15,549
		<u>503,976</u>	<u>466,358</u>
<b>Total liabilities</b>		<u><b>641,315</b></u>	<u><b>493,076</b></u>
<b>Total equity and liabilities</b>		<u><b>2,704,346</b></u>	<u><b>2,598,360</b></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2025**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash used in operating activities</b>		<u><b>(36,079)</b></u>	<u><b>(68,313)</b></u>
<b>Net cash (used in)/from investing activities</b>		<u><b>(117,721)</b></u>	<u><b>112,712</b></u>
<b>Net cash used in financing activities</b>		<u><b>(16,203)</b></u>	<u><b>(43,549)</b></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u><b>(170,003)</b></u>	<u><b>850</b></u>
Cash and cash equivalents at the beginning of the period		<b>433,689</b>	<b>555,033</b>
Exchange (losses)/gains on cash and cash equivalents		<u><b>(2,033)</b></u>	<u><b>2,595</b></u>
<b>Cash and cash equivalents at the end of the period</b>		<u><u><b>261,653</b></u></u>	<u><u><b>558,478</b></u></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Archosaur Games Inc. (the “**Company**”) was incorporated in the Cayman Islands on 2 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development and operating of mobile games in the People’s Republic of China (the “**PRC**”) and other countries and regions (the “**Group’s Business**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 July 2020.

The interim condensed consolidated financial information for the six months ended 30 June 2025 is presented in Renminbi and all values are rounded to the nearest thousand (RMB’000) unless otherwise indicated. The interim condensed consolidated financial information for the six months ended 30 June 2025 has been approved by the Board of Directors of the Company on 22 August 2025.

The interim condensed consolidated financial information for the six months ended 30 June 2025 has not been audited.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standards (“**IAS**”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“**IASB**”). This interim condensed consolidated financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024 (the “**2024 Financial Statements**”), which have been prepared in accordance with IFRS Accounting Standards.

Certain comparative information on the interim condensed consolidated balance sheet have been reclassified to conform with the current period presentation.

## 3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the 2024 Financial Statements.

### (a) New and amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the current reporting period commencing 1 January 2025:

Standards and amendments	Effective for annual periods beginning on or after
Amendments to IAS 21 on Lack of Exchangeability	1 January 2025

The adoption of the above amendments to IFRS Accounting Standards in the current period has had no material effect on the Group’s interim condensed consolidated financial information.

### 3 ACCOUNTING POLICIES (CONTINUED)

#### (b) New standards, amendments and annual improvements not yet adopted

Certain new standards, amendments and annual improvements have been published that are not mandatory in this interim condensed consolidated financial information and have not been early adopted by the Group.

<b>Standards and amendments</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

These new and amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for the adoption of IFRS 18 for the reporting periods beginning on or after 1 January 2027.

Even though IFRS 18 does not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.

#### 4 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker (i.e. the executive directors of the Company). As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment and no segment information is presented, accordingly.

As at 30 June 2025 and 31 December 2024, substantially all of the non-current assets of the Group were located in the PRC.

Revenue for the six months ended 30 June 2025 and 2024 are as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Online game revenue		
– Development and licensing		
<i>Revenue share</i>	<b>51,648</b>	57,478
<i>Non-refundable fixed licensing fees</i>	<b>3,498</b>	4,537
– Integrated game publishing and operation	<b>579,036</b>	376,527
– Others	<b>184</b>	890
	<b>634,366</b>	439,432
Timing of revenue recognition		
– At a point in time	<b>51,832</b>	57,773
– Over time	<b>582,534</b>	381,659
	<b>634,366</b>	439,432

The Group considered itself as an agent in arrangements of “development and licensing business”, and recorded revenue on a net basis; whereas, the Group considered itself as a principal in arrangements of “integrated game publishing and operation business”, and recorded revenue on a gross basis.

Revenues of approximately RMB53,463,000 and RMB62,237,000 for the six months ended 30 June 2025 and 2024, respectively were derived from five largest single external customers.

During the six months ended 30 June 2025, no revenue derived from a single external customer accounted for more than 10% of the Group's total revenue.

During the six months ended 30 June 2024, revenue of approximately RMB47,742,000 was derived from a single external customer which accounted for more than 10% of the Group's total revenue.

#### 4 SEGMENT INFORMATION AND REVENUE (CONTINUED)

The Group's revenue from external customers analyzed by location of the customers is shown in the table below.

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue by geographical segment</b>		
Chinese mainland	<b>511,688</b>	303,983
Areas outside Chinese mainland	<b>122,678</b>	135,449
	<b>634,366</b>	439,432

The Group has recognised the following assets and liabilities related to contracts with customers:

	<b>As at 30 June</b>	<b>As at 31 December</b>
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Contract costs</b>		
<b>Current</b>		
Costs to fulfil contracts for online game revenue	<b>63,722</b>	54,377
<b>Contract liabilities</b>		
<b>Current</b>		
Unamortised revenue from sales of in-game virtual items	<b>270,174</b>	233,201
Revenue share received in advance	<b>5,388</b>	5,093
Unamortised balance of the non-refundable fixed licensing fees	<b>11,357</b>	13,427
	<b>286,919</b>	251,721
<b>Non-Current</b>		
Unamortised balance of the non-refundable fixed licensing fees	<b>22,482</b>	23,697
	<b>309,401</b>	275,418



#### 4 SEGMENT INFORMATION AND REVENUE (CONTINUED)

Contract costs are mainly related to contract fulfilment costs, which primarily consist of unamortized commissions charged by the distribution channels. They are capitalized as contract fulfilment costs and amortized over their respective player relationship periods, which is consistent with the pattern of recognition of the associated revenue.

Contract liabilities primarily represent the unamortized revenue from sales of in-game virtual items in the Group's online game services, the non-refundable fixed licensing fees and revenue share received in advance from customers, which the Group continued to have obligations as at the reporting date.

##### Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue recognised that was included in the contract liability balance at the beginning of the period</i>		
Unamortised revenue from sales of in-game virtual items	225,673	176,646
Revenue share received in advance	–	1,568
Unamortised balance of the non-refundable fixed licensing fees	3,354	3,170
	<u>229,027</u>	<u>181,384</u>

#### 5 OTHER GAINS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains on financial assets at fair value through profit or loss	11,789	10,784
Foreign exchange gains/(losses), net	26,635	(9,597)
Others	833	2,617
	<u>39,257</u>	<u>3,804</u>

## 6 EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	276,378	274,568
Promotion and advertising expenses	186,676	144,971
Commissions charged by distribution channels and payment channels	135,196	86,444
Outsourced technical services	34,735	29,949
Depreciation and amortization charges	26,748	25,438
Commissions charged by IP holders	19,872	9,600
Bandwidth and servers custody fee	13,351	11,820
Utilities and office expenses	9,343	8,401
Other professional consulting fees	2,672	2,409
VAT input transfer out and tax surcharges	2,174	2,340
Travelling expenses	1,832	2,297
Auditors' remuneration	1,023	1,000
– Audit services	1,000	1,000
– Non-audit services	23	–
Net impairment losses/(reversal) on financial assets	335	(2,555)
Others	4,087	2,273
	<u>714,422</u>	<u>598,955</u>

## 7 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2025 and 2024 is analyzed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	591	1,327
Deferred income tax expense/(credit)	1,042	(167)
	<u>1,633</u>	<u>1,160</u>

## 7 INCOME TAX EXPENSE (CONTINUED)

### (a) Cayman Islands and British Virgin Islands (“BVI”) Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

### (b) Hong Kong Income Tax

The entity incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million for the six months ended 30 June 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

### (c) Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at the tax rate of 25% on the assessable profits for the six months ended 30 June 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

Tianjin Loong Technology Co., Ltd. (祖龍(天津)科技股份有限公司) (“**Tianjin Loong**”) qualified as a “High and New Technology Enterprise” (“**HNTE**”) under the EIT law in 2017. In November 2023, Tianjin Loong renewed its HNTE qualification and is therefore entitled to a preferential income tax rate of 15% on its assessable profits for three-year periods from November 2023 to November 2026.

Huai’an Loong Technology Co., Ltd. (淮安祖龍科技有限公司) (“**Huai’an Loong**”) is qualified as a HNTE for a three-year period since 2018 and renewed its qualification in November 2021 for another three-year period. Huai’an Loong is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from November 2021 to November 2024. In December 2024, Huai’an Loong no longer applies for the renewal of its HNTE status, and the income tax rate applicable to Huai’an Loong is 25% since then.

Beijing Fantasy Mermaid Technology Limited (北京幻想美人魚科技有限公司) (“**Beijing Fantasy Mermaid**”) qualified as a HNTE for a three-year period since 2019 and renewed its qualification in December 2022 for another three-year period. Beijing Fantasy Mermaid is entitled to a preferential income tax rate of 15% on its assessable profits for a three-year period from December 2022 to December 2025. Management considers that Beijing Fantasy Mermaid’s HNTE qualification status will continue to be renewed in December 2025.

Shanghai Zu Yun Technology Co., Ltd. (上海祖昀科技有限公司), Hainan Loong Technology Co., Ltd. (海南祖龍科技有限公司), Hainan Long Yao Technology Co., Ltd. (海南龍耀科技有限公司) and Guangzhou Aolong Entertainment Technology Co., Ltd. (廣州奧龍娛樂科技有限公司) are qualified as small and micro enterprise in 2025. According to the Announcement of the Ministry of Finance of the PRC and the State Taxation Administration on Further Support of Tax Policies for Development of Small and Micro Enterprises and Individual Entrepreneurs (Cai Shui 2023 No. 12), only 25% the aforesaid subsidiaries’ taxable profits will be subject to enterprise income tax at a preferential tax rate of 20%.

Chengdu Fantasy Mermaid Technology Limited (成都幻想美人魚科技有限公司), Beihai Loong Venture Capital Co., Ltd. (北海祖龍創業投資有限公司) and Beihai Longhao Venture Capital Co., Ltd. (北海龍灝創業投資有限公司) met the requirements of the revised catalogue of industries whose development are to be encouraged in the country’s western regions. They are eligible to a preferential income tax rate of 15% in accordance with Announcement on Continuing the Enterprise Income Tax Policy for the Development of the Western Regions (Announcement [2020] No. 23 of the Ministry of Finance of the PRC, the State Taxation Administration and the National Development and Reform Commission).

According to a policy promulgated by the Ministry of Finance of the PRC and the State Taxation Administration that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits (“**Super Deduction**”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the period.

## 8 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding any treasury shares) during the period.

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to owners of the Company (RMB'000)	<b>(11,730)</b>	(134,041)
Weighted average number of ordinary shares in issue (in thousands)	<b>787,494</b>	786,169
Less: weighted average number of treasury shares (in thousands)	<b>(2,573)</b>	—
	<hr/>	<hr/>
Weighted average number of ordinary shares outstanding (in thousands)	<b>784,921</b>	786,169
	<hr/>	<hr/>
Basic loss per share (in RMB per share)	<b>(0.01)</b>	(0.17)
	<hr/>	<hr/>

### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2025 and 2024, the Company has two categories of dilutive potential ordinary shares: the restricted share unit (“RSU”) and the share options granted by the Company.

For the purpose of calculating diluted loss per share for the six months ended 30 June 2025 and 2024, RSUs and share options are assumed to have been converted into ordinary shares with no corresponding change in net loss attributable to ordinary shareholders. As the Group incurred losses for the respective periods, this potential adjustment resulted in an anti-dilutive effect in the calculation of diluted loss per share. Accordingly, diluted loss per share for the six months ended 30 June 2025 and 2024 are the same as basic loss per share for the respective periods.

## 9 DIVIDENDS

No dividend has been declared or paid by the Company for the six months ended 30 June 2025 and 2024.

## 10 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	143,966	134,377
Less: allowance for impairment of trade receivables	<u>(15,372)</u>	<u>(14,354)</u>
Trade receivables – net	<u><b>128,594</b></u>	<u><b>120,023</b></u>

The following table sets forth the gross carrying amount of trade receivables by customer types:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Related parties	25,711	24,130
Third parties	<u>118,255</u>	<u>110,247</u>
	<u><b>143,966</b></u>	<u><b>134,377</b></u>

The gross carrying amount of the Group's trade receivables is dominated in the following currencies:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
RMB	97,755	89,529
United States Dollar ("US\$")	42,149	40,034
Hong Kong Dollar ("HK\$")	4,039	4,739
Others	<u>23</u>	<u>75</u>
	<u><b>143,966</b></u>	<u><b>134,377</b></u>

## 10 TRADE RECEIVABLES (CONTINUED)

The Group allows a credit period of 90 – 150 days to its customers. An aging analysis of trade receivables based on revenue recognition date is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 3 months	117,194	106,562
3 to 6 months	3,208	7,821
6 months to 1 year	3,924	421
Over 1 year	19,640	19,573
	<u>143,966</u>	<u>134,377</u>

Movements in the Group's allowance for impairment of trade receivables are as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Beginning of the period	(14,354)	(11,890)
Provision for impairment	(1,027)	(47)
Reversal of impairment	9	1,502
End of the period	<u>(15,372)</u>	<u>(10,435)</u>

The creation and release of provision for impaired receivables have been included in “Net impairment (losses)/ reversal on financial assets” in the interim condensed consolidated statement of profit or loss.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Group does not hold any collateral as security.



## 11 TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	135,899	102,117
Payroll liabilities	38,699	60,731
Tax payables	4,281	16,259
Others	6,138	13,776
	<u>185,017</u>	<u>192,883</u>

The following table sets forth the carrying amount of trade payables by customer types:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Related parties	20,321	20,207
Third parties	115,578	81,910
	<u>135,899</u>	<u>102,117</u>

The aging analysis of trade payables based on recognition date is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 6 months	110,925	81,648
6 months to 1 year	7,072	7,183
Over 1 year	17,902	13,286
	<u>135,899</u>	<u>102,117</u>

## DEFINITIONS

In this Results Announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company” or “Archosaur Games”	Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 9990)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Global Offering”	the initial public offering of the Shares for subscription by the public and the institutional, professional, corporate and other investors
“Group”, “we” or “us”	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	IFRS Accounting Standards
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 15 July 2020

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“MMORPG”	massively multiplayer online role-playing game, a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with one another within a virtual world
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 1 April 2020, in its present form or as may be amended from time to time
“Prospectus”	the prospectus of the Company dated 30 June 2020
“Reporting Period”	the period for the six months ended 30 June 2025
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 22 December 2022, in its present form or as may be amended from time to time
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 5 February 2021 and 22 December 2022, in its present form or as may be amended from time to time
“Share(s)”	ordinary share(s) of US\$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SLG”	simulation games, a genre of games that attempt to emulate various activities from real life in the game format

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	for the purpose of this Results Announcement, has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and includes companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements
“Unreal Engine 4” and “Unreal Engine 5”	game engines developed by Epic Games
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board  
**Archosaur Games Inc.**  
**Mr. Li Qing**  
*Chairman and Executive Director*

Beijing, China, 22 August 2025

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Mr. Li Nachuan and Mr. Lu Xiaoyin as Non-executive Directors, and Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.*