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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)

CONTINUING CONNECTED TRANSACTION
REVISION OF ANNUAL CAP UNDER THE LICENSING AGREEMENT IN RELATION TO GAME ADAPTATION RIGHTS

As disclosed in the Announcement and the Supplemental Announcement, on 18 June 2022, the Licensee, a wholly-owned subsidiary of the Group, and the Licensor entered into the Licensing Agreement. Pursuant to the Licensing Agreement, the Licensor has agreed to grant to the Licensee an exclusive and non-transferable right to (i) adapt and develop the Cooperative Game based on the Dragon Raja Original Work; (ii) publish and operate the Cooperative Game; and (iii) use the related content of the Dragon Raja Animation in the Cooperative Game.

Given that the game launch schedule under the Licensing Agreement has been adjusted based on actual circumstances, and the revenue generated from the game and its popularity in the regions where it has been launched have exceeded expectations, the Board expects that the existing annual cap will be insufficient to cover the fees payable by the Licensee to the Licensor under the Licensing Agreement for the period from 1 January 2025 to 29 December 2025, and therefore resolved to revise the relevant annual cap on 22 August 2025.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the revised annual cap for the transactions under the Licensing Agreement exceeds 0.1% but is less than 5%, the transactions under the Licensing Agreement are subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the Announcement and the Supplemental Announcement in relation to the Licensing Agreement for game adaptation rights. On 18 June 2022, the Licensee, a wholly-owned subsidiary of the Group, and the Licensor entered into the Licensing Agreement. Pursuant to the Licensing Agreement, the Licensor has agreed to grant to the Licensee an exclusive and non-transferable right to (i) adapt and develop the Cooperative Game based on the Dragon Raja Original Work; (ii) publish and operate the Cooperative Game; and (iii) use the related content of the Dragon Raja Animation in the Cooperative Game.

Pursuant to the Licensing Agreement, the Licensee was granted the exclusive publishing and operation rights of the Cooperative Game on a global basis. The genre of the Cooperative Game shall be card game. The fees under the Licensing Agreement payable by the Licensee to the Licensor shall comprise (i) a fixed licensing fee of RMB10,000,000; and (ii) a fixed rate of Relevant Revenue deductible from a prepayment of guaranteed share of Relevant Revenue in the amount of RMB5,000,000. The fees under the Licensing Agreement, including the fixed rate of Relevant Revenue, were determined after arm's length negotiation between the parties with reference to (i) the quality and popularity of the Dragon Raja Original Work; and (ii) the prevailing fee arrangement and pricing terms in respect of licensing of comparable game adaptation rights in the market.

Given that the game launch schedule under the Licensing Agreement has been adjusted based on actual circumstances, and the revenue generated from the game and its popularity in the regions where it has been launched have exceeded expectations, the Board expects that the existing annual cap will be insufficient to cover the fees payable by the Licensee to the Licensor under the Licensing Agreement for the period from 1 January 2025 to 29 December 2025, and therefore resolved to revise the relevant annual cap on 22 August 2025.

The terms of the Licensing Agreement remain unchanged and unamended. For further details of the Licensing Agreement, please refer to the Announcement and the Supplemental Announcement.

II. EXISTING ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS

Existing Annual Caps

As disclosed in the Announcement, the existing annual caps for the fees under the Licensing Agreement payable by the Licensee to the Licensor for the term of the Licensing Agreement are set out as follows:

Period	**Existing Annual Caps** *(RMB)*
From 18 June 2022 to 31 December 2022	12,500,000
From 1 January 2023 to 31 December 2023	8,615,013
From 1 January 2024 to 31 December 2024	33,716,726
From 1 January 2025 to 29 December 2025	15,600,599

Historical Transaction Amounts

The historical transaction amounts under the Licensing Agreement paid by the Licensee for the period from 18 June 2022 to 31 December 2022, the two years ended 31 December 2024, and the seven months ended 31 July 2025 are set out as follows:

Period	**Historical Transaction Amounts** *(RMB million)*
From 18 June 2022 to 31 December 2022	11.79
From 1 January 2023 to 31 December 2023	—Note
From 1 January 2024 to 31 December 2024	13.21
From 1 January 2025 to 31 July 2025	13.46

Note: As the game launch schedule under the Licensing Agreement was adjusted based on actual circumstances, the relevant transaction amount for the year ended 31 December 2023 was nil.

III. REVISED ANNUAL CAP AND THE BASIS

Given that the game launch schedule under the Licensing Agreement has been adjusted based on actual circumstances, and the revenue generated from the game and its popularity in the regions where it has been launched have exceeded expectations, the Board expects that the existing annual cap will be insufficient to cover the fees payable by the Licensee to the Licensor under the Licensing Agreement for the period from 1 January 2025 to 29 December 2025, and therefore resolved to revise the relevant annual cap on 22 August 2025, which is set out as follows:

Period	**Revised Annual Cap** *(RMB)*
From 1 January 2025 to 29 December 2025	30,000,000

The revised annual cap for the transactions under the Licensing Agreement for the period from 1 January 2025 to 29 December 2025 as set out above was determined based on the following principal reasons: (a) the actual fees under the Licensing Agreement incurred by the Licensee during the seven months ended 31 July 2025; (b) the payment terms of the fees payable under the Licensing Agreement; (c) the expected launch date of the Cooperative Game in various regions; and (d) the popularity and expected demand for the Cooperative Game in various regions.

IV. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE LICENSING AGREEMENT FOR GAME ADAPTATION RIGHTS

As one of the leading mobile gaming companies in China, the Group has been focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres. Dragon Raja (龍族幻想), a MMORPG adapted from the Dragon Raja Original Work, has been one of best-performing games in the product portfolio of the Group and has accumulated a substantial fans base worldwide. Meanwhile, to envision diversifying the Group's game pipeline, the Directors consider that the development of Cooperative Game is in line with the Group's overall business strategy and thus the Directors believe entering into the Licensing Agreement is in the interests of the Group as a whole.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Licensing Agreement were determined after arm's length negotiation and are fair and reasonable, and the transactions contemplated thereunder (including the revised annual cap) are conducted in the ordinary and usual course of business of the Company, are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Mr. Li Nachuan, a non-executive Director, is an employee of Tencent Group and therefore has abstained from voting on the Board resolution approving the revision of the annual cap for the Licensing Agreement. Save as disclosed above, none of the other Directors has or is considered to have material interests in the Board resolution approving the revision of the annual cap for the Licensing Agreement.

V. INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to ensure that the terms of the transactions under the Licensing Agreement are fair and reasonable and in compliance with the annual caps of the continuing connected transactions under the Licensing Agreement:

(i) The finance department of the Company, which is responsible for overseeing the connected transactions of the Group, will regularly monitor and collect detailed information on the connected transactions, including but not limited to the payment arrangements and the actual transaction amounts, to ensure that the continuing connected transactions are conducted in accordance with the Licensing Agreement. In addition, the finance department of the Company is responsible for monitoring and reviewing the balance of annual caps of the continuing connected transactions on a monthly basis. If the annual caps for the continuing connected transactions are expected to be exceeded in a particular year, the finance department of the Company will report to the management of the Company and take appropriate actions in accordance with the relevant requirements of the Listing Rules.

(ii) The senior management of the Company is responsible for overseeing and monitoring the internal control procedures adopted by the Group to ensure that the actual transaction amounts fall within the relevant annual caps. The senior management of the Company also monitors the utilization of the annual caps on an annual basis.

(iii) The external auditors of the Company will review the continuing connected transactions under the Licensing Agreement on an annual basis to check and confirm, among other things, whether the relevant annual caps have been exceeded.

(iv) The independent non-executive Directors and the risk management committee of the Company will review the continuing connected transactions under the Licensing Agreement on an annual basis to check and confirm whether the continuing connected transactions are conducted in the ordinary and usual course of business of the Group, on normal or better commercial terms and on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VI. INFORMATION ON THE PARTIES

The Group is a pioneer in China's mobile game industry with more than twenty years of research and development experience focusing on developing high-quality mobile MMORPGs, female-oriented, strategy card games, SLGs and other genres. The Licensee is a wholly-owned subsidiary of the Company and is principally engaged in mobile game development.

The Licensor is an entity controlled by Tencent and is principally engaged in production and distribution of films and television programmes.

VII. LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is a substantial Shareholder of the Company, and the Licensor is an entity controlled by Tencent. Therefore, the Licensor is a connected person of the Company, and the Licensing Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the revised annual cap for the transactions under the Licensing Agreement exceeds 0.1% but is less than 5%, the transactions under the Licensing Agreement are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

The term of the Licensing Agreement is from 18 June 2022 to 29 December 2025. Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Licensing Agreement exceeds three years, the Company had appointed an independent financial adviser to explain the reason for a longer term and to confirm that it is a normal business practice for an agreement of this type to be of such duration. For details, please refer to the Announcement.

VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Announcement"	the announcement published by the Company on 20 June 2022, in relation to, among other things, the Licensing Agreement for game adaptation rights
"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China
"Company"	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)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Cooperative Game"	an online game to be developed by the Licensee based on (i) the adaptation from the Dragon Raja Original Work; and (ii) use of content from the Dragon Raja Animation, both granted to the Licensee by the Licensor in accordance with the Licensing Agreement, that can be run on mobile operating systems on mobile terminal devices (including mobile phones, pad-like mobile devices other than mobile phones, and other mobile devices and simulators) and the relevant updates, upgrades and fixes
"Director(s)"	the director(s) of the Company
"Dragon Raja Animation"	the animated series of the literary work *Dragon Raja* (龍族) series
"Dragon Raja Original Work"	the literary work *Dragon Raja* (龍族) series in the form of novel
"Group"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of the Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before the Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Licensee"	Chengdu Fantasy Mermaid Technology Limited (成都幻想美人魚科技有限公司), established in the PRC and a wholly-owned subsidiary of the Company
"Licensing Agreement"	the licensing agreement dated 18 June 2022 entered into between the Licensee and the Licensor with respect to the grant of an exclusive and non-transferable right to (i) adapt and develop the Cooperative Game based on the Dragon Raja Original Work; (ii) publish and operate the Cooperative Game; and (iii) use the related content of the Dragon Raja Animation in the Cooperative Game
"Licensor"	Shanghai Tencent Penguin Film Culture Communication Co., Ltd. (上海騰訊企鵝影視文化傳播有限公司), established in the PRC and an entity controlled by Tencent
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"MMORPG"	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

"Relevant Revenue"	all the revenue obtained after the official launch of the Cooperative Game, including but not limited to the sale of game point cards (including but not limited to game points sold through physical, virtual or any channel), virtual item sales (including but not limited to physical, virtual or virtual equipment and props in the game sold by any channel), various advertising revenue, etc.
"RMB"	Renminbi, lawful currency of the PRC
"Shareholder(s)"	holder(s) of share(s) of the Company
"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
"Supplemental Announcement"	the supplemental announcement published by the Company on 30 June 2022, in relation to, among other things, supplemental information regarding the Licensing Agreement for game adaptation rights
"Tencent"	Tencent Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700)
"Tencent Group"	Tencent and its subsidiaries from time to time
"%"	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.