

Securities Code: 002174

Securities Abbreviation: YOOZOO Games

Announcement Number:2019-070

Summary of the 2019 Semi-annual Report of YOOZOO Games Co., Ltd.

I. Important Tip

The summary of this semi-annual report comes from the full text of the annual report. To fully understand the Company's operating results, financial situation and future development plan, investors should read the full text of the semi-annual report carefully in the media designated by the China Securities Regulatory Commission (CSRC).

Statement of Dissension by Directors, Supervisors and Senior Management

Name	Title	Content and Reason
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Statement

Other than the following directors, the other directors personally attended the Board of Directors meeting to review the semi-annual report

Name of director not present in person	Title of director not present in person	Reasons for not attending the meeting in person	Name of authorized representative
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Non-standard Audit Opinion Prompt

☐ Applicable ☒ Not applicable

Preplan for the distribution of common stock profits during the reporting period considered by the Board of Directors or the preplan for the transfer of capital stock from the accumulation fund

☐ Applicable ☒ Not applicable

The Company plans not to distribute cash dividends, send bonus shares, and transfer of capital stock from the accumulation fund.

Preplan for profit distribution of preferred stock in this reporting period adopted by the resolution of the Board of Directors

☐ Applicable ☒ Not applicable

II. Basic Information of the Company

1. Company profile

Stock abbreviation	YOOZOO Games	Stock code	002174
Stock exchange	Shenzhen Stock Exchange		
Contact person and contact information	Secretary of the Board	Securities affairs representative	
Name	Xu Bin	Zhu Mengjing	

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2. Major accounting data and financial indicators

Whether the Company needs to retroactively adjust or restate previous accounting data

☐ Yes ☒ No

	Current reporting period	Same period of 2018	The same period of 2018 increase/decrease of current reporting period year-on-year
Operating income (RMB)	1,729,874,938.24	1,786,787,310.70	-3.19%
Net profits attributable to the listed company shareholders (RMB)	407,064,873.82	492,986,038.73	-17.43%
Net profits attributable to listed company shareholders after deducting non-recurring profits and losses (RMB)	316,513,584.56	379,496,221.86	-16.60%
Net cash flows from operating activities (RMB)	64,188,501.70	13,720,839.94	367.82%
Basic earning per share (Yuan/share)	0.47	0.56	-16.07%
Diluted earning per share (Yuan/share)	0.47	0.56	-16.07%
Weighted average rate of return on equity	8.55%	12.05%	-3.50%
	End of current reporting period	End of 2018	The end of 2018 increase/decrease of the end of current reporting period year-on-year
Total assets (RMB)	8,147,686,482.16	7,332,575,255.04	11.12%
Net assets attributable to the listed company shareholders (RMB)	5,017,048,716.91	4,509,617,206.26	11.25%

3. The number of shareholders and the shareholding situation

Unit: share

The total number of common shareholders at the end of the	35,270	The total number of preferred shareholders recovered from	0
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reporting period			the voting rights at the end of the reporting period (if any)			
Shareholding situation of the top 10 shareholders						
Name of shareholders	Nature of shareholders	Shareholding ratio	Quantity of shareholding	Number of shares holding restricted sales conditions	Condition of pledge or freezing	
					Stock status	Quantity
Lin Qi	Domestic natural person	34.84%	309,536,169	232,152,127	Pledge	280,755,807
Ningbo Bonded Area Yongxie International Trade Co., Ltd.	Domestic non-state-owned legal person	5.99%	53,258,072	0		
Wang Qingwei	Domestic natural person	3.98%	35,378,319	0		
Guosheng Securities Co., Ltd.	Domestic non-state-owned legal person	3.70%	32,869,708	0		
Wang Qingyong	Domestic natural person	3.65%	32,438,319	0		
Ma Xinqi	Domestic natural person	1.83%	16,225,715	0		
YOOZOO Games Co., Ltd. - the first phase of the employee stock ownership plan	Domestic non-state-owned legal person	1.80%	15,994,290	0		
Zhang Yunlei	Domestic natural person	1.75%	15,515,905	0	Pledge	14,570,000
Zhu Songwei	Domestic natural person	1.56%	13,863,490	0	Pledge	10,786,491
Industrial Bank Co., Ltd. - Xingquan Trend Investment Hybrid Securities Investment Fund (LOF)	Domestic non-state-owned legal person	1.26%	11,219,621	0		
Explanation of the above-mentioned shareholder-related relationship or concerted action		Mr. Wang Qingyong and Mr. Wang Qingwei are brothers and they are persons acting in concert. It is not known whether there is a relationship among the other shareholders mentioned above, or whether they belong to the co-actors specified in the <i>Measures for the Administration of Information Disclosure of Changes in Shareholders Shareholding in Listed Companies</i> .				

4. Change condition of controlling shareholders and actual controllers

Change in the controlling shareholders in the reporting period

☐ Applicable ☒ Not applicable

No change in the controlling shareholder of the Company in the reporting period.

Change in the actual controllers in the reporting period

☐ Applicable ☒ Not applicable

No change in actual controllers of the Company in the reporting period

5. Table of the total number of preferred stock shareholders and the shareholding situation of the top 10 preferred stock shareholders of the Company

☐ Applicable ☒ Not applicable

The Company does not have the shareholding situation of preferred stock shareholder during the reporting period.

6. Corporation bonds

Whether there is a company publicly issued and listed on the stock exchange, and the corporation bonds that have not expired or expired in full on the date of approval of the semi-annual report

No.

III. Discussion and Analysis of Operation

1. Brief introduction to the operation during the reporting period

Whether the Company is required to comply with disclosure requirements for special industries

No.

YOOZOO Games focuses on the development, distribution and operation of mobile games and web games. As the leading interactive entertainment provider in China, the Company adheres to the strategy of "Fit-For- Growth", based on the three major directions of "Transmedia IP", "Elite Products" and "Globalization", adheres to the corporate mission of "Share Simple Happiness", and continues to provide high-quality game products and services to global users, so as to enhance the player's game experience.

Since its inception, the Company has focused on the R&D and operation of online games, and has continuously improved its R&D and distribution capabilities in the course of development to enrich product lineups and expand product matrix. With the help of boutique mobile games through independent R&D and agencies, the Company has formed a multi-category product matrix, the mobile revenue accounting for 71.18%. The Company actively explores overseas markets; the proportion of overseas income has further increased to 58.36% in virtue of Eastern and Western classic IPs integrating with regional operation and deep global distribution system. At the same time, the Company further strengthens the sense of responsibility to perfect the Parent Monitoring System; deeply explored the ideological concepts and humanistic spirit contained in the Chinese outstanding traditional culture to enhance the cultural connotation of the products. In addition, the Company also launches the eco-friendly WeChat Mini Game "Garbage Sorting" to raise public awareness of environmental protection and fulfill corporate responsibility. The company won the "Annual Influential Game Company" award in the 2019 China Game Ceremony hosted by Xinhuanet and won the title of "Shanghai

Civilized Unit" in the network communication system in 2017-2018 annual selection of Advanced Unit of Shanghai Spiritual Civilization. The company has been selected for the sixth consecutive year in the Top 100 Internet list, which jointly released by the Internet Society of China, the Network Security Industry Development Center of the Ministry of Industry and Information Technology of the People's Republic of China.

During the reporting period, the Company achieved a total operating revenue of RMB1.73 billion, with a year-on-year decrease of 3.19%; of which mobile games realized revenues of RMB1.23 billion, accounting for 71.18% of operating revenue, with a year-on-year increase of 6.71%; operating revenue from overseas regions reached RMB1.01 billion, accounting for 58.36% of operating revenue, with a year-on-year increase of 6.49%; a net profit attributable to the listed company shareholder of RMB0.41 billion, with a year-on-year decrease of 17.43%; As of the end of the reporting period, the total assets of the Company was RMB8.15 billion, with a year-on-year increase of 11.12%; the net assets attributable to listed company shareholders was RMB5.02 billion, with a year-on-year increase of 11.25%.

In the past two years, the Company has actively arranged two lines of independent R&D and agency, and reserved a variety of high-quality products. Relevant products have been successively introduced to the market since 2019. Agent products such as female-oriented business development mobile game *Go Manager* (一直奔向月) to develop new game categories for the Company; the Company bring domestic boutique games out of the country by cooperating with domestic leading game developers. During the reporting period, the *Rangers of Oblivion* (猎魂觉醒) ARPG mobile game was launched in the Europe and America, the *Saint Seiya: Awakening* (圣斗士星矢: 觉醒) and *Shendu Night* (神都夜行录) were launched in Hong Kong, Macao and Taiwan region, and the *Saint Seiya Awakening: Knights of the Zodiac* (圣斗士星矢: 觉醒) was launched in the Southeast Asia region, which brought good profits to the company. Among the independent R&D products, the *Game of Thrones Winter is Coming* (权力的游戏 凛冬将至) of international version webpage game has launched overseas beta on March 26, 2019. It has been applied in 14 languages including English, German, French and Portuguese, and has been recommended by Facebook for four times. The mobile game *Game of Thrones Winter is Coming* (权力的游戏 凛冬将至) was also conducted several rounds of testing during the reporting period, launched the non-deletion test on July 10, and won official recommendation by Apple App Store for many times.

In addition, the company continuously increases investment in independent R&D and agent products to subsequently reserve a variety of games. The company will participate in the domestic distribution business of Supercell's *Brawl Stars*, which has received more than 455,000 attentions and 8.9 points on TapTap. The cooperation demonstrates recognition on the company's distribution strength by the international top game manufacturers. In addition, the company also has a sequel to *Legacy of Discord-Furious Wings* (狂暴之翼)-- *Legacy of Discord-Furious Wings II* (狂暴之翼 2), which continues the fantasy 3D of the game, giving players a more invigorating sense of combat and a better gaming experience; a number of high-quality works in the independent R&D products will be launched in the future, including the *Junior Three Kingdom II* (少年三国志2), *Shanghai Jinghua* (山海镜花), and the *Junior Three Kingdom Zero* (少年三国志: 零). Among them, *Junior Three Kingdom II* and *Shanghai Jinghua* (山海镜花) have been tested several rounds, achieving good test results. Other independent R&D products such as *The Graver Robbers' Chronicles* (盗墓笔记) are orderly under R&D. The company's follow-up product types are not only limited to existing advantageous products, but also cover new category breakthroughs such as MOBA, ACG and ARPG. In the future, the company will gain good rewards and market reputation through continuous high-quality products launching.

With the advent of the 5G era, the application of cloud games, AR, VR, AI and interactive technologies in games and the improvement of the game experience will promote the growth of the game industry and become a new engine for the development of the industry. The company joined the cloud game industry alliance (CGIA) jointly develop cutting-edge technologies, promote game innovation and development, and actively deploy industry hotspots to enhance the company's competitiveness.

2. Matters relating to financial reports

(1) A statement of changes in accounting policies, accounting estimates and accounting methods compared with the previous accounting period

☐ Applicable ☒ Not applicable

There were no changes in accounting policies, accounting estimates and accounting methods during the Company reporting period.

(2) A description of the retrospective restatement of the correction of major accounting errors during the reporting period

☐ Applicable ☒ Not applicable

No major accounting errors during the reporting period need to be restated retrospectively.

(3) A description of the changes in the scope of the consolidated statements compared with the previous accounting period

In June 2019, the Company transferred 58% of the equity of its wholly-owned subsidiary, Guangzhou MobTech Co., Ltd. to the associated natural person. This company began to withdraw from the consolidated statement from June 2019.