

Securities Code: 002174

Securities Abbreviation: YOOZOO Games

Announcement Number: 2020-055

Summary of the 2020 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).

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
--	---	---	-----------------------------------

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 of directors	Securities affairs representative	
Name	Xu Bin	Zhu Mengjing	
Address	Building 2, Huaxin Business Center, 711 Yishan Rd., Xuhui District, Shanghai, China	Building 2, Huaxin Business Center, 711 Yishan Rd., Xuhui District, Shanghai, China	
Tel.	021-33671551	021-33671551	
E-mail	ir@yoozoo.com	ir@yoozoo.com	

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 2019	The same period of 2019 increase/decrease of current reporting period year-on-year
Operating income (RMB)	2,516,786,165.63	1,729,874,938.24	45.49%
Net profits attributable to the listed company shareholders (RMB)	494,758,040.06	407,064,873.82	21.54%
Net profits attributable to listed company shareholders after deducting non-recurring profits and losses (RMB)	350,987,306.87	316,513,584.56	10.89%

Net cash flows from operating activities (RMB)	546,869,184.81	64,188,501.70	751.97%
Basic earning per share (RMB /share)	0.55	0.47	17.02%
Diluted earning per share (RMB /share)	0.55	0.47	17.02%
Weighted average rate of return on equity	9.31%	8.55%	0.76%
	End of current reporting period	End of 2019	The end of 2019 increase/decrease of the end of current reporting period year-on-year
Total assets (RMB)	9,384,915,831.19	8,926,314,621.39	5.14%
Net assets attributable to the listed company shareholders (RMB)	5,678,858,141.86	4,948,930,985.29	14.75%

3. The number of shareholders and the shareholding situation

Unit: share

Reporting the total number of common shareholders at the end of the period	80,805	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)	0			
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	29.31%	264,166,731	214,250,771	pledge	250,409,069
Wang Qingwei	Domestic natural person	4.57%	41,177,479			
Wang Qingyong	Domestic natural person	3.60%	32,438,319			
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Foreign legal person	2.21%	19,939,643			
Zhang Yunlei	Domestic natural person	1.27%	11,411,100			
YOOZOO Games Co., Ltd. - the first phase of the employee stock ownership plan	Other	1.24%	11,196,090			
Cui Rong	Domestic natural person	1.10%	9,952,852	9,952,852		
Repurchase Special Securities Account of Yoozoo Games Co., Ltd.	Domestic non-state-owned legal person	0.95%	8,522,393			
Industrial and Commercial Bank of China Limited - Dongfanghong Industrial Upgrading Flexible	Other	0.74%	6,662,356			

Allocation of Hybrid Securities Investment Funds						
Ping An Bank Co., Ltd. - Dongfanghong Ruixuan Regular Opening and Flexible Allocation of Hybrid Securities Investment Funds for Three Years	Other	0.59%	5,304,294			
Explanation of the above-mentioned shareholder-related relationship or concerted action	Mr. Wang Qingyong and Mr. Wang Qingwei are brothers and co-actors. It is not known whether there is a relationship among the other shareholders mentioned above, or whether they belong to the co-actors.					
Note on shareholders participating in securities margin trading business (if any)	Not applicable					

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

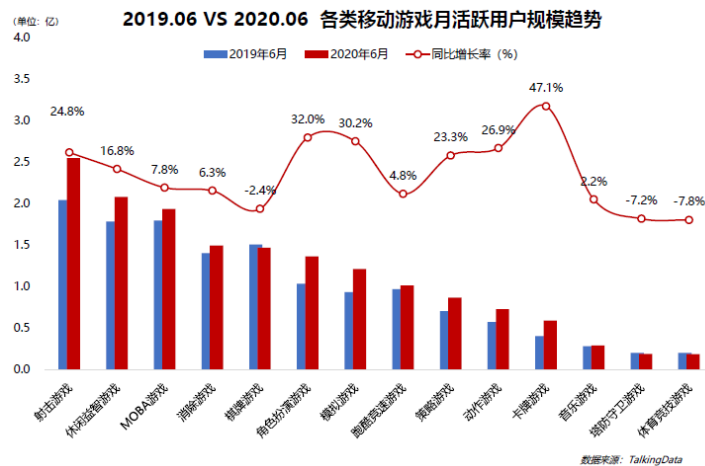
The main business of YOOZOO Games includes the development, distribution and operation of mobile games and web games. During the reporting period, the Company achieved a total operating revenue of

RMB2,516,786,165.63, with a year-on-year increase of 45.49%; Wherein, the operating income was RMB1,305,445,555.19 in the second quarter, with a quarter-on-quarter increase of 7.77%; During the reporting period, the total profit was RMB503,554,958.21, with a year-on-year increase of 19.86%; Net profit attributable to shareholders of listed companies was RMB494,758,040.06, up 21.54% from the same period last year. Including mobile games realized revenues of RMB2,035,110,559.94, with a year-on-year increase of 65.27%. The operating income in the overseas market was RMB1,229,118,873.61, with a year-on-year increase of 21.76%. According to Sensor Tower, the Company has been ranked Top 10 in global revenue of China mobile game publishers for seven consecutive months in 2020, with May to July ranking 6th for three consecutive months.

The Company focuses on the development, distribution and operation of online games and continues to focus on the Card Game and SLG Racetracks in product categories, steadily pushing forward the globalization and IP-based management strategy.

I. Focus on the ‘Card game as the main, SLG as the auxiliary’

According to the mobile game section of *Report on Game Research and Development Survey in 2020* jointly released by 17173, Talking Data and Dianyu Culture Media, the monthly average active players in mobile games reached a record high of 700 million in the first half of 2020, while the number of monthly active players of card game increased most significantly, up to 47.1%.



The Company launched the card IP focusing on the "Junior" series around the card game racetrack, and built a card game product matrix through a number of "Junior" series works including *Junior Three Kingdoms* (少年三国志), *Junior Journey to the West* (少年西游记) and *Junior Three Kingdoms II* (少年三国志2). The Company's card game benchmark product, has had 100 million registered users worldwide since its launch in 2015. And 39 large expansion packs and 117 large version updates have been launched; and on this basis, *Junior Three Kingdoms II* was innovatively launched. Since its launch, the product has remained at the forefront of the domestic App Store best-selling list and has been certified by Forbes World Records as "the most popular card game brand in the three kingdoms", thus laying the Company's position in the card field. During the reporting period, the total account statement of the Company's self-developed card products exceeded RMB 2 billion, accounting for nearly 50% of the total account statement. Subsequently, the Company will continue "Junior" series IP to launch the strategy card game *Junior Three Kingdoms: Zero* (少年三国志: 零). The game is in the late stage of testing, and its launch will consolidate the Company's layout on the card game racetrack. The Company will continue to deepen the advantages of card racetracks by absorbing professionals, building partners and category strength and expanding the global market.

For playing rules of SLG, the Company constantly summarizes the experience of inheritance. From the accumulation of SLG products such as *King* (大皇帝) during web game period to the successful launch of SLG mobile games *The 36 Stratagems* (三十六计) and *GOT: Winter is Coming M* (权力的游戏 凛冬将至). On July 21, *GOT: Winter is Coming M* (权力的游戏 凛冬将至) was launched in the Asia-Pacific market and won the Top 10 in the best-selling list of Hong Kong, Macao and Taiwan and the Top 20 in the best-selling list of South Korea. In the second half of the year, the Company has a reserve of SLG mobile game *Infinity Kingdom* (战火与永恒) for European and American markets, and plans to launch it within the year.

II. The "Greater Asia Strategy" led by Japan and South Korea has shown early results

During the reporting period, according to the differentiation characteristics of different overseas markets, the Company exported a number of self-developed and agency games overseas.

In view of the characteristic of the groups of Japanese players, which means they are mature, thus not following the trend easily, and have strong consumption ability, the Company launched the simulation management game *Huawu Warring States* (成り上がり～華と武の戦国, 华武战国) in the early stage, and the account statement continued to rise after the product was launched for a year. During the reporting period, the Company launched the agent MMORPG mobile game *Searle Light* (ステラアルカナ-愛の光と運命の絆, 塞尔之光) and self-developed card mobile game *Junior Three Kingdoms II* (三国志ブラスト-少年ヒーローズ, 少年三国志2) in the Japanese market. After the products were launched, they were recommended by local Google Play and App Store. According to the statistics of Sensor Tower, the Company was ranked 20th among the Japanese mobile game publishers in June. In July, the Company launched the two-dimensional card mobile game *Red: Pride of Eden* (レッド: プライドオブエデン) customized for the Japanese market. With the good performance of many products, the Company has won steady growth in the Japanese market and further promoted its ranking to 15th.

For the South Korean market, the Company launched the agent MMORPG mobile game *R5* (新神魔大陆) during the reporting period. After the game was launched, it won the Top 10 of the best-selling list in the region and was recommended by the editors of App Store and Google Play. The Company's self-developed card mobile game *Junior Three Kingdoms II* (그랑삼국, 少年三国志2) was launched in the South Korean market in mid-June. Through differentiation competition, it is firmly ranked in the Top 15 of the South Korean game best-selling list, with the highest result of 4th in the best-selling list. According to the statistics of Sensor Tower, *Junior Three Kingdoms II* (少年三国志2) won the Top 16 of China mobile game revenue in South Korea in the second quarter of 2020, and the Company became the publisher of the Top 15 in the South Korean market in June.

In addition to its good performance in the markets of Japan and South Korea, the Company's agent card mobile game *Saint Seiya Awakening: Knights of the Zodiac* (圣斗士星矢: 觉醒) continues to maintain its good operation in Europe, Latin America and other regions. It has long been at the forefront of the best-selling list of games in Brazil, France and other areas, and has received more than 1,000 recommendations from all columns of Google Play and App Store. Through continuous deep cultivation of card playing rules, and self-research and agency, the Company will continue to create high-quality products and deepen the advantages of card game racetracks. Facing the broader global market, the Company will set up a number of card mobile game products in the second half of the year.

On July 21, the Company launched mobile game *GOT: Winter is Coming M* (权力的游戏 凛冬将至) in the Asia-Pacific region. The product improved the title system and commander application on the basis of the China National System, increasing the operability of the game. In the first week of its launch, the product won the Top 10 in the best-selling list of Hong Kong, Macao and Taiwan and the Top 20 in the best-selling list of South Korea. Subsequently, the Company will also launch SLG mobile game *Infinity Kingdom* (战火与永恒) for European and American markets. The product is currently in the testing stage and is planned to be launched within the year. The Company will focus on in-depth exploration in the card and SLG fields, strengthen the advantages of its own research and development and operation in this field, and provide more playable games for players.

III. IP Management

During the reporting period, the Company launched a turn-based RPG mobile game *Myth of World* (山海镜花) with the theme of *the Legendary Creatures of the Shan Hai Ching*, a Chinese classical mythology ancient book and record. In the first month of its launch, the Company received more than 8 million downloads and launched related peripheral products. In the second half of the year, the Company also plans to launch *Junior Three Kingdoms: Zero* (少年三国志: 零), a new product of self-developed card games "Junior" series, and *New Lost Tomb* (新盗墓笔记), an orthodox grave robbing theme mobile game authorized by Nanpai Sanshu, to implement the inheritance and development of Chinese traditional culture into the products. On July 21, 2020, the Company started the public beta of mobile game *GOT: Winter is Coming M* (权力的游戏 凛冬将至) in the Asia-Pacific region (Hong Kong, Macao and Taiwan of China, Japan, South Korea and Southeast Asia). During the pre-registration period, the products were recommended by all columns of Google Play and App Store as the high-quality resource. In the first week of its launch, the product won the Top 10 in the best-selling list of Hong

Kong, Macao and Taiwan and the Top 20 in the best-selling list of South Korea.

The Company continues to deepen its IP management. In 2019, the Company successively launched *Saint Seiya Awakening: Knights of the Zodiac* (圣斗士星矢: 觉醒) a strategy card mobile game developed by Tencent and genuinely authorized by Kurumada Masami Studio, in the regional markets of Hong Kong, Macao and Taiwan, Southeast Asia, Europe and the United States, South Korea and other regions. Up to now, the game has reached the top of the best-selling list of games in application stores of 20 countries and regions, and has remained at the forefront of the best-selling list of games in Brazil, France and other areas for a long time; Web game *GOT: Winter is Coming M* (权力的游戏 凛冬将至) started an overseas public beta in March 2019. At present, it has launched the versions of 15 languages such as English, German, French and Portuguese, and has received six global recommendations from Facebook.

In addition, the wholly-owned subsidiary of the Company - Shanghai Youzu Huyu Network Technology Co., Ltd. has obtained the rights of *The Three-Body Problem* series novels in game development, distribution, adaptation and derivative products. Subsequently, the Company will set up and develop products around *The Three-Body Problem* IP.

Facing the upcoming 5G era, the Company is actively laying out cloud games, AR/VR, AI, electronic sports and other fields. During the reporting period, through cooperation with Huawei Cloud, the Company actively carried out the technical reserves of cloud games, launched a "YOOZOO Cloud Game Platform" based on Huawei ARM cloud services, and launched 8 mobile games to realize point-and-play. In addition, the Company and Besttone Holding Co., Ltd. have jointly cooperated with "5G VR Town" as the content integration platform to jointly lay out 5G entertainment new formats. In the future, the Company hopes to form an interactive effect through business cooperation between industries, provide better support for content creation and communication through new technologies, deliver products containing Chinese culture to users, truly realize the in-depth integration of mobile informatization with all walks of life and people's lifestyle, and provide users with high-quality, novel and smooth 5G application services and ecosystems.

At the same time, the Company is actively thinking about new anti-addiction rules to prevent teenagers from indulging in online games. After the connections of the Company's distribution platform with various games, the anti-addiction rules will be applied to all games forcefully to guide teenagers to enjoy the happiness brought by games in a healthy way. We also cooperate with parents and launch the parent monitoring system, through which parents can conduct the background management by technical means and set the daily game time and consumer credit of children. A healthier environment for the growth of teenagers can be created by various kinds of monitoring means.

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

Applicable Not applicable

The company has lost control of Guangzhou Zhangtao Network Technology Co., Ltd. and Shanghai Youkun Information Technology Co., Ltd. on June 30, 2019.