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FRIEND TIMES

FRIENDTIMES INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6820)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF PRINCIPAL-PROTECTED STRUCTURED DEPOSIT**

SUBSCRIPTION OF STRUCTURED DEPOSIT

On 13 March 2020, Purple Blaze Network, a wholly-owned subsidiary of the Company, entered into the Structured Deposit Agreement with Suzhou Branch of CITIC Bank, pursuant to which Purple Blaze Network subscribed for principal-protected floating return and closed-end structured deposit with an amount of RMB80,000,000.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Structured Deposit Agreement exceeds 5% but all of the applicable percentage ratios are less than 25%, the subscription of the Structured Deposit under the Structured Deposit Agreement as mentioned above constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholder's approval requirements pursuant to Chapter 14 of the Listing Rules.

BACKGROUND

The Board announced that on 13 March 2020, Purple Blaze Network entered into the Structured Deposit Agreement with Suzhou Branch of CITIC Bank. Pursuant to the Structured Deposit Agreement, Purple Blaze Network agreed to subscribe for principal-protected floating return and closed-end structured deposit of RMB80,000,000 issued by Suzhou Branch of CITIC Bank.

PRINCIPAL TERMS OF THE STRUCTURED DEPOSIT AGREEMENT

The principal terms of the Structured Deposit Agreement are as follows:

Date of subscription:	13 March 2020
Parties:	(1) Purple Blaze Network; and (2) Suzhou Branch of CITIC Bank
Name of the product:	Win-Win Interest Rate Structure 32851st RMB Structured Deposit Product (共贏利率結構32851期人民幣結構性存款產品)
Type of product:	Principal-protected floating return and closed-end Structured Deposit
Subscription amount:	RMB80,000,000
Term of deposit:	91 days commencing from 13 March 2020 and expiring on 12 June 2020
Linked target:	USD 3-month LIBOR
Expected annualized rate of return:	The linked target will be observed on 10 June 2020 The expected rate of return will be 3.88% per annum if the USD 3-month LIBOR is less than or equal to 2.50% and higher than or equal to -1.50% at 11 a.m. 10 June 2020 (London time) The expected rate of return will be 4.38% per annum if the USD 3-month LIBOR is higher than 2.50% at 11 a.m. 10 June 2020 (London time) The expected rate of return will be 1.5% per annum if the USD 3-month LIBOR is lower than -1.50% at 11 a.m. 10 June 2020 (London time)
Early termination:	Subscription principal amount can only be refunded upon maturity

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRUCTURED DEPOSIT AGREEMENT

Subscription of the Structured Deposit was made for treasury management purposes to maximise the return on the unutilised funds of the Company after taking into account, among other things, the level of risk, return on investment, liquidity and the term to maturity. Prior to making an investment, the Group would ensure that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investment in such financial product. Taking into consideration the nature of the Structured Deposit, the Company considers that the risk level of the subscription of The Structured Deposit is in line with the internal investment policies of the Group. The Group had, in the past, totally recovered the principal and received the

expected returns upon the redemption or maturity of similar financial products. The Company will monitor and manage the subscription more closely and effectively. In accordance with the relevant accounting standards, the Structured Deposit is accounted for as financial assets at fair value through profit and loss.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the risk nature and the relatively short term of maturity of the Structured Deposit, the Directors are of the view that this financial product poses little risk to the Group and the terms and conditions of the subscription of the Structured Deposit are fair and reasonable and are in the interests of the Group and its Shareholders as a whole. Further, the subscription of the Structured Deposit was not funded by the proceeds from the Company's initial public offering.

INFORMATION OF PARTIES

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The principal activities of the Group include research and development, publication and operation of mobile games. Purple Blaze Network is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. Its principal business includes research and development, publication and operation of mobile games.

CITIC Bank is a joint-stock commercial bank and its H shares are listed on the Stock Exchange (stock code: 00998.HK). CITIC Bank is principally engaged in provision of banking and related financial services.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, according to the information publicly disclosed by CITIC Bank, CITIC Bank and its ultimate substantial beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors of the Company
“CITIC Bank”	China CITIC Bank Corporation Limited, a joint stock commercial bank, the H shares of which are listed on the Stock Exchange (stock code: 00998.HK)
“Company”	FriendTimes Inc., an exempted company incorporated in the Cayman Islands with limited liability on 16 November 2018 and listed on the Stock Exchange on 8 October 2019 (stock code: 06820.HK)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	Director(s) of the Company
“Group”	the Company and its subsidiaries or, where the context refers to any time before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LIBOR rate”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, unless otherwise specified, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Purple Blaze Network”	Suzhou Purple Blaze Network Technology Co., Ltd. (蘇州紫焰網絡科技有限公司), a limited liability company established under the laws of the PRC on 23 March 2017 and wholly-owned by Suzhou FriendTimes, and by virtue of the series of contractual agreements, accounted for as a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holders of Shares
“Shares”	ordinary shares of US\$0.00001 each in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Deposit”	the structured deposit issued by CITIC Bank, the principal terms of which are summarised in this announcement
“Structured Deposit Agreement”	agreement entered into between Purple Blaze Network and CITIC Bank in relation to the subscription of the Structured Deposit
“Suzhou FriendTimes”	Suzhou FriendTimes Technology Inc. (蘇州玩友時代科技股份有限公司), a limited liability company established under the laws of the PRC on 11 May 2010, and the holding company of the other PRC operating entities of the Group, and by virtue of the series of contractual agreements, accounted for as a subsidiary of the Company
“US\$”	United States dollars, the lawful currency of the United States
“USD 3-month LIBOR”	an indicative average interest rate at which a selection of banks in London are prepared to lend to one another in USD with a maturity of three months
“%”	percentage

By Order of the Board
FriendTimes Inc.
Jiang Xiaohuang
Chairman and Executive Director

Hong Kong, 18 March 2020

As at the date of this announcement, Mr. Jiang Xiaohuang, Mr. Xu Lin, Mr. Wu Jie and Mr. Sun Bo are the executive Directors of the Company; and Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong are the independent non-executive Directors of the Company.