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CMGE Technology Group Limited

中手游科技集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0302)

PROFIT WARNING

This announcement is made by CMGE Technology Group Limited (the “**Company**”, together with its subsidiaries and consolidated operating entities in the People’s Republic of China, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts for the six months ended 30 June 2022 (“**1H2022**”) and the information currently available to the Group, it is expected that the Group will record a net loss of not more than RMB60.0 million for 1H2022. The net profit of the Group for the six months ended 30 June 2021 (“**1H2021**”) was RMB378.3 million.

The decline in the Group’s results was primarily attributable to the following factors:

- (1) revenue decreased by around 42% to 45% in 1H2022 as compared to 1H2021, primarily attributable to the postponement of obtaining licences as scheduled for various games planned to be published in 1H2022 and the decrease in revenue generated from certain games which have entered into the late stage of their life cycle; and
- (2) research and development expenses increased by around 60% to 80% in 1H2022 as compared to 1H2021, primarily attributable to the increase in research and development expenditures in the Group’s new game projects.

The Board is of the view that, notwithstanding the decline in the Group's results of operations in 1H2022, through continuous resource integration and optimisation with a view to reducing costs and increasing efficiency, coupled with new licences obtained and to be obtained by the Group for new game publishing, the Group's results of operations will improve in the second half of 2022.

As at the date of this announcement, the Company is in the process of finalising the unaudited consolidated interim results of the Group for 1H2022. The information contained in this announcement is based on a preliminary review by the management of the Company of information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Group for 1H2022, which is expected to be released by the end of August 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
CMGE Technology Group Limited
Xiao Jian
Chairman

Hong Kong, 14 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xiao Jian, Mr. Sin Hendrick M.H. and Mr. Fan Yingjie as executive Directors; Mr. Zhang Shengyan as non-executive Director; and Ms. Ng Yi Kum, Mr. Tang Liang and Mr. Ho Orlando Yaukai as independent non-executive Directors.