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## Zengame Technology Holding Limited

### 禪遊科技控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2660)**

#### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors of Zengame Technology Holding Limited is pleased to announce the interim results and the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021. These interim results have been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” and by the Audit Committee.

#### FINANCIAL HIGHLIGHTS

	For the six months ended		Year-on-Year Change*
	30 June 2022 (RMB'000) (Unaudited)	2021 (RMB'000) (Unaudited)	
Revenue	<b>619,786</b>	444,223	39.5
Gross profit	<b>399,648</b>	286,633	39.4
Gross profit margin (%)	<b>64.5</b>	64.5	
Profit for the period	<b>236,905</b>	145,745	62.5
Profit (%)	<b>38.2</b>	32.8	
Non-HKFRS adjusted net profit**	<b>238,459</b>	146,442	62.8
Earnings per Share (expressed in RMB per Share)	<b>0.24</b>	0.14	71.4

\* Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period of last year.

\*\* Non-HKFRS adjusted net profit was derived from the unaudited profit for the period excluding Share-based compensation.

## OPERATIONAL HIGHLIGHTS

	For the six months ended		For the
	30 June		year ended
	2022	2021	31 December
	('000)	('000)	2021
			('000)
<b>All Games</b>			
Cumulative registered players	<b>1,383,225</b>	1,203,373	1,301,442
MAU	<b>38,707</b>	44,443	43,237
DAU	<b>6,288</b>	6,643	6,890
MPU (Virtual items)	<b>1,065</b>	661	951
ARPPU of virtual items (RMB)	<b>82</b>	65	88
<b>Card and Board Games</b>			
Cumulative registered players	<b>1,113,379</b>	940,250	1,034,274
MAU	<b>37,940</b>	39,968	40,420
DAU	<b>6,242</b>	6,390	6,724
MPU (Virtual items)	<b>1,061</b>	646	940
ARPPU of virtual items (RMB)	<b>82</b>	61	81
<b>Other Games</b>			
Cumulative registered players	<b>269,846</b>	263,124	267,168
MAU	<b>767</b>	4,475	2,817
DAU	<b>46</b>	253	166
MPU (Virtual items)	<b>4</b>	15	11
ARPPU of virtual items (RMB)	<b>225</b>	217	262

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a leading mobile game developer and operator in the PRC that closely follows the changing trends of market and user demand, while embracing new media channel trends such as short clips and livestreaming. We focus on the innovation, research and development and operation of high-quality card and board and casual games and established a top leisure entertainment platform and community. Many of our games are based on well-established classic card and board games and they have been widely welcomed by the users. The Group generated income through the sales of virtual items and in-game information service.

In the first half of 2022, the game industry continued to evolve in the era of booming digital economy. The ecology of the game industry underwent ongoing improvement due to continuous standardized development of the industry, thereby significantly increasing the competitive moat. Game operators paid more attention to cultural connotation and technological empowerment, and only those game operators that focus on innovation-driven development and user experience enhancement can be outstanding.

Against such background, in the first half of 2022, the Group further upgraded its product portfolio, game innovation and promotion channels to increase user retention and players' willingness to pay. As for product portfolio, we continued the development strategy of the Group in 2021 by reducing our investment in hyper-casual games, putting more resources in major card and board games innovation and optimization, and working on the development of more premium casual games. Our research and development operation team constantly updates game products, and enriches the contents of new media promotion channels, allowing long life cycle products such as card and board games to meet changing market and user demand. With respect to game innovation, on one hand, we invested more resources on innovation in the gameplay and aesthetics of our card and board games products, constantly improving and upgrading our gameplay, such as the launch of "additional flower tiles without shuffling" for The Fingertip Sichuan Mahjong (指尖四川麻將), "additional flower cards for winners" and "joyous multiple winning" for Fight the Landlord (禪遊鬥地主) and other innovative rules and gameplay, to provide players with a more diversified game experience. In terms of aesthetics, we upgraded the design of the game interface, while incorporating more elements with rich connotation of Chinese traditional culture in the special effects of different cards of the card and board games, such as "peacocks flying southeast", "Wu Wen Xi Dong" and other quality game special effects to meet the user's demand for premium game experience. On the other hand, we reduced our investment in hyper-casual games and removed 15 games, which are mainly casual games and third-party games, in order to put more focus on the production of boutique games.

In the first half of 2022, due to the Group's product iterative innovation and steady development of product channel, the revenue generated from our board games increased from RMB157.9 million for the six months ended 30 June 2021 to RMB451.8 million for the six months ended 30 June 2022, representing an increase of approximately 1.9 times. The Fingertip Sichuan Mahjong (指尖四川麻將), one of the Group's flagship products, was highly popular and loved by players and it has recently ranked first in card and board games on the iOS bestseller list in the PRC. In the first half of 2022, we launched two new games and both of them are overseas games. As at 30 June 2022, we had 43 self-developed games and 7 third-party games, among which 18 are card games, 17 are board games and 15 are other casual games, respectively.

In terms of business development, the Group optimized and enhanced the product experience of existing games, increased the investment in the operation of the Group's live broadcasting business, and at the same time engaged more live broadcasting hosts with high quality and unique features. As a result, the Group recorded an increase in the cumulative registered players in the first half of 2022. We had approximately 1,383.2 million cumulative registered players for the six months ended 30 June 2022 as compared with 1,203.4 million cumulative registered players for the six months ended 30 June 2021. In addition, the Group enriched the gameplay to increase users' willingness to pay. As a result, for the six months ended 30 June 2022, the Group's revenue from sales of virtual items amounted to approximately RMB480.2 million, representing an increase of approximately 112.0% from RMB226.5 million as compared with the six months ended 30 June 2021, and our ARPPU of virtual items increased from approximately RMB65 for the six months ended 30 June 2021 to approximately RMB82 for the six months ended 30 June 2022.

In terms of financial performance, due to comprehensive effect of (i) the increase in the number of the paying users of board games and board games ARPPU of the Group; and (ii) the decrease in the number of the paying users of card games and card games ARPPU of the Group, our overall revenue increased from approximately RMB444.2 million for the six months ended 30 June 2021 to approximately RMB619.8 million for the six months ended 30 June 2022, representing an increase of approximately 39.5%. At the same time, due to the increase in overall revenue of the Group, the cost of sales increased from approximately RMB157.6 million for the six months ended 30 June 2021 to approximately RMB220.1 million for the six months ended 30 June 2022, representing an increase of approximately 39.7%. With the growth of overall performance of the Group, our net profit has nonetheless increased from approximately RMB145.7 million for the six months ended 30 June 2021 to approximately RMB236.9 million for the six months ended 30 June 2022, representing an increase of approximately 62.5%. Our adjusted net profit, excluding the Share-based payments, increased from approximately RMB146.4 million for the six months ended 30 June 2021 to approximately RMB238.5 million for the six months ended 30 June 2022, representing an increase of approximately 62.8%.

In terms of the mobile game industry in the PRC, the industry moved toward to a healthier development model in the first half of 2022 under more stringent regulatory requirements. The trend of game publication number issuance remained positive, and the overall industry atmosphere remained optimistic. As at 30 June 2022, we possessed 86 game publication numbers, 55 of which covering our card and board games and 31 of which covering our casual games. Due to the current development strategy and resources allocation, 46 games with publication numbers have not yet been in operation. The Group will start promoting our operations at any time as and when appropriate in the future. In addition, we have always strictly complied with the relevant laws and regulations. To protect the physical and mental health of game players, especially minors, we have long established an anti-addiction system for minors in accordance with the relevant laws and regulations and have incorporated this system into our games. Our system can also automatically screen sensitive words and block inappropriate language and content, so as to resist vulgar content such as erotic and violence. Meanwhile, we also strictly abide by the relevant rules and regulations for the security protection of internet personal information and also those relating to anti-gambling. We have compiled with internal policies for personal information protection, upgraded a complete prevention and control system for personal information leakage, and optimized the management system of the personal privacy protection for users. We will closely monitor and follow up with any relevant new laws and regulations in the PRC, and update our legal compliance database and business processes in a timely manner to ensure that our business complies with the requirements of the latest laws and regulations.

## **FUTURE PROSPECTS**

In the second half of 2022, the Group will mainly focus on the following strategies to expand our business and growth:

- continuously increasing the investment in research and development, updating game technology, and innovating gameplay;
- continuously focusing on enhancing player experience and upgrading contents and forms of new media promotion channels;
- continuously leveraging on the Group's core competitiveness to deeply explore and develop opportunities in overseas game markets;
- continuously paying attention to emerging issues and opportunities, exploring new business activities, and integrating with new media and new technologies; and
- actively cooperating with the Group's synergistic teams to constantly broaden business boundaries and new sectors.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2022, the Group operated self-developed games and third-party games. All of the games used a Free-to-Play model and the Group generated revenue through the sales of virtual items and in-game information service.

Sales proceeds of virtual items were initially recorded as contract liabilities on our consolidated statement of financial position and were then recognized as revenue in accordance with our revenue recognition policies. Revenue collected from the paying players of third-party games and the in-game information service are shared between the Group and the third-party game developers and the advertising platforms based on a pre-determined rate in accordance with the relevant agreements. The revenue generated from the sale of virtual items from third-party games and the in-game information service are both recognized on a net basis when the relevant services are provided.

The following table sets forth a breakdown of our revenue by business model for the periods indicated:

	For the six months ended 30 June				Year- on-Year Change %
	2022		2021		
	<i>RMB'000</i> (Unaudited)	%	<i>RMB'000</i> (Unaudited)	%	
<b>Sales of virtual items</b>	<b>480,233</b>	<b>77.5</b>	226,515	51.0	112.0
— Self-developed games	<b>477,900</b>	<b>77.1</b>	221,068	49.8	116.2
— Third-party games	<b>2,333</b>	<b>0.4</b>	5,447	1.2	-57.2
<b>In-game information service</b>	<b>139,553</b>	<b>22.5</b>	217,708	49.0	-35.9
<b>Total</b>	<b><u>619,786</u></b>	<b><u>100.0</u></b>	<b><u>444,223</u></b>	<b><u>100.0</u></b>	<b><u>39.5</u></b>

The following table sets forth a breakdown of our revenue by game category for the periods indicated:

	For the six months ended 30 June				Year- on-Year Change %
	2022		2021		
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	
	(Unaudited)		(Unaudited)		
Card games	<b>160,967</b>	<b>26.0</b>	262,269	59.0	-38.6
Board games	<b>451,800</b>	<b>72.9</b>	157,853	35.5	186.2
Other games	<b>7,019</b>	<b>1.1</b>	24,101	5.5	-70.9
<b>Total</b>	<b><u>619,786</u></b>	<b><u>100.0</u></b>	<b><u>444,223</u></b>	<b><u>100.0</u></b>	<b><u>39.5</u></b>

For the six months ended 30 June 2022, the Group's total revenue was approximately RMB619.8 million, representing an increase of approximately 39.5% from approximately RMB444.2 million as compared with the corresponding period of 2021. This increase was primarily due to comprehensive effect of (i) the increase in the number of paying users of board games and board games ARPPU of the Group; (ii) the decrease in the number of paying users of card games and card games ARPPU of the Group; and (iii) the decrease in revenue derived from in-game information service. The Group's revenue from sale of virtual items amounted to approximately RMB480.2 million, representing an increase of approximately 112.0% from RMB226.5 million as compared with the corresponding period of 2021. On the other hand, for the six months ended 30 June 2022, the Group's revenue from in-game information service amounted to approximately RMB139.6 million, representing a decrease of approximately 35.9% from RMB217.7 million as compared with the corresponding period of 2021. These were mainly due to the decrease in revenue of card games in terms of the in-game information service.

## Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	For the six months ended		Year-on-Year Change %
	30 June 2022 (RMB'000) (Unaudited)	2021 (RMB'000) (Unaudited)	
Payment channel costs	62,410	36,353	71.7
Distribution platform costs	95,204	49,313	93.1
Information service costs	19,006	59,818	-68.2
New media costs	36,884	6,686	451.7
Others	6,634	5,420	22.4
<b>Total</b>	<b>220,138</b>	<b>157,590</b>	<b>39.7</b>

For the six months ended 30 June 2022, the cost of sales was approximately RMB220.1 million, representing an increase of approximately 39.7% from approximately RMB157.6 million as compared with the corresponding period of 2021. This was mainly attributable to the (i) increase in payment channel costs and distribution platform costs caused by the increase in the revenue from the sales of virtual items; and (ii) comprehensive effects of the Group's increased investment in new media operation and reduced investment in information service.

## Gross Profit and Gross Profit Margin

Gross profit increased by 39.4% from approximately RMB286.6 million for the six months ended 30 June 2021 to approximately RMB399.6 million for the six months ended 30 June 2022. The gross profit margin for the six months ended 30 June 2022 remained the same at 64.5% as compared with the corresponding period of 2021.

The following table sets forth our gross profit and gross profit margin by business model:

	For the six months ended 30 June			
	2022		2021	
	Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
<b>Sales of virtual items</b>	<b>289,254</b>	<b>60.2</b>	128,743	56.8
— Self-developed games	<b>286,921</b>	<b>60.0</b>	123,296	55.8
— Third-party games	<b>2,333</b>	<b>100.0</b>	5,447	100.0
<b>In-game information service</b>	<b>110,394</b>	<b>79.1</b>	157,890	72.5
<b>Total</b>	<b>399,648</b>	<b>64.5</b>	286,633	64.5

### Other Income

Other income increased by 81.3% from approximately RMB14.3 million for the six months ended 30 June 2021 to approximately RMB25.9 million for the six months ended 30 June 2022. The increase was primarily due to (i) the increase in revenue from the bank's interest-bearing assets and financial assets at fair value through profit or loss; and (ii) the increase in government subsidies.

### Selling and Distribution Expenses

Selling and distribution expenses increased by 69.8% from approximately RMB48.4 million for the six months ended 30 June 2021 to approximately RMB82.3 million for the six months ended 30 June 2022. This increase was primarily attributable to the increase in (i) the promotion of the Group's virtual items; and (ii) the remuneration of sales staff.

### Administrative Expenses

Administrative expenses increased by 12.9% from approximately RMB32.9 million for the six months ended 30 June 2021 to approximately RMB37.1 million for the six months ended 30 June 2022, primarily due to the increase in the number of the Group's offices and the rental expenses.

## **Research and Development Expenses**

Research and development expenses increased by 32.7% from approximately RMB37.7 million for the six months ended 30 June 2021 to approximately RMB50.0 million for the six months ended 30 June 2022. The increase was primarily due to the increase in the number of R&D personnel and their salaries.

## **Other Expenses**

Other expenses increased by 207.3% from approximately RMB0.6 million for the six months ended 30 June 2021 to approximately RMB1.8 million for the six months ended 30 June 2022. The increase was primarily due to the increase in impairment loss on accounts receivable assets.

## **Finance Costs**

Finance costs increased by 55.9% from approximately RMB0.2 million for the six months ended 30 June 2021 to approximately RMB0.3 million for the six months ended 30 June 2022. The increase was primarily due to the increase in office lease liabilities.

## **Income Tax Expense**

The income tax expenses for the six months ended 30 June 2022 was approximately RMB17.4 million, decreased by 50.8% from approximately RMB35.4 million as compared with the corresponding period of 2021. Such decrease was mainly attributable to the (i) withholding tax at the rate of 5% enjoyed by the Group when dividend payable by the Group's PRC subsidiaries to its Hong Kong subsidiary as the Group's Hong Kong subsidiary has obtained the Hong Kong tax resident certificate; and (ii) the impact of the applicable preferential tax rate.

## **Profit for the six months ended 30 June 2022**

As a result of the above factors, the net profit of the Group was approximately RMB236.9 million for the six months ended 30 June 2022, representing an increase of approximately 62.5% as compared with RMB145.7 million for the six months ended 30 June 2021.

## **Non-HKFRS Measures — Adjusted Net Profit**

The adjusted net profit for the six months ended 30 June 2022, adjusted by excluding the share-based compensation to key employees was approximately RMB238.5 million, increasing by 62.8% as compared to approximately RMB146.4 million for the first half of 2021.

The following table sets out the adjusted net profit as well as the calculation process based on non-HKFRS for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit for the period	<b>236,905</b>	145,745
Add:		
Share-based compensation	<b>1,554</b>	697
	<u>238,459</u>	<u>146,442</u>
Adjusted net profit	<b><u>238,459</u></b>	<b><u>146,442</u></b>

### **Liquidity and Capital Resources**

The Group's total bank balances and cash slightly increased from approximately RMB644.7 million as at 31 December 2021 to approximately RMB709.9 million as at 30 June 2022.

As at 30 June 2022, current assets of the Group amounted to approximately RMB1,604.0 million, including bank balances and cash of approximately RMB709.9 million and other current assets of approximately RMB894.1 million. Current liabilities of the Group amounted to approximately RMB196.7 million, including trade payables and contract liabilities of approximately RMB110.1 million and other current liabilities of approximately RMB86.6 million. As at 30 June 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 8.1, as compared with 6.0 as at 31 December 2021.

As at 30 June 2022, the Group had no borrowings (31 December 2021: RMB9.1 million).

As the Group has no borrowings as at 30 June 2022, the gearing ratio (calculated by dividing total debt by total equity) as at 30 June 2022 was nil while the gearing ratio as at 31 December 2021 was 0.7%.

## **Capital Expenditures**

For the six months ended 30 June 2022, the capital expenditures of the Group amounted to approximately RMB12.8 million, which were primarily used for equity investment in other companies in the sum of RMB10.7 million and for the purchase of office equipment in a sum of RMB1.8 million.

## **Contingent Liabilities**

The Group had no material contingent liabilities as at 30 June 2022.

## **Pledge of Assets**

As at 30 June 2022, the Group did not pledge any assets.

## **Future Plan for Material Investments and Capital Assets**

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

## **Significant Investments, Acquisitions and Disposals**

There were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 30 June 2022.

## **Foreign Exchange Risk Management**

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>619,786</b>	444,223
Cost of sales		<u>(220,138)</u>	<u>(157,590)</u>
Gross profit		<b>399,648</b>	286,633
Other income and gains		<b>25,934</b>	14,307
Selling and distribution expenses		<b>(82,270)</b>	(48,449)
Administrative expenses		<b>(37,124)</b>	(32,885)
Research and development costs		<b>(49,983)</b>	(37,675)
Other expenses		<b>(1,758)</b>	(572)
Finance costs		<b>(329)</b>	(211)
Share of profits and losses of:			
Joint ventures		<b>391</b>	—
Associates		<b>(186)</b>	—
<b>PROFIT BEFORE TAX</b>	5	<b>254,323</b>	181,148
Income tax expense	6	<u>(17,418)</u>	<u>(35,403)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>236,905</b></u>	<u>145,745</u>
Attributable to:			
Owners of the parent		<b>237,010</b>	145,745
Non-controlling interests		<u><b>(105)</b></u>	<u>—</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	8	<u><b>RMB0.24</b></u>	<u>RMB0.14</u>
Diluted		<u><b>RMB0.24</b></u>	<u>RMB0.14</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
<i>Notes</i>	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>236,905</b>	145,745
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	115	(1,526)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	115	(1,526)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Change in fair value of equity instruments designated at fair value through other comprehensive income (“FVOCI”)	2,029	75
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>2,144</b>	(1,451)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>239,049</b>	144,294
Attributable to:		
Owners of the parent	239,154	144,294
Non-controlling interests	<b>(105)</b>	—

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment		7,784	8,024
Right-of-use asset		7,918	9,072
Intangible assets		1,472	1,729
Investments in associates		4,393	4,579
Investments in Joint ventures		9,965	7,574
Equity investments designated at FVOCI		32,940	21,476
Long-term prepayments, deposits and other receivables		7,620	9,210
Deferred tax assets		50	454
		72,142	62,118
<b>CURRENT ASSETS</b>			
Trade receivables	9	213,250	192,837
Contract costs		30,183	20,100
Financial assets at fair value through profit or loss	10	219,982	101,102
Prepayments, deposits and other receivables		70,702	61,978
Time deposits with original maturity of over three months		360,000	405,000
Cash and cash equivalents		709,869	644,709
		1,603,986	1,425,726
<b>CURRENT LIABILITIES</b>			
Trade payables	11	15,664	14,982
Contract liabilities		94,450	59,183
Other payables and accruals		72,933	101,238
Interest-bearing bank borrowings		—	9,120
Lease liabilities		6,381	6,408
Tax payable		7,333	46,544
		196,761	237,475
<b>NET CURRENT ASSETS</b>		<b>1,407,225</b>	<b>1,188,251</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,479,367</b>	<b>1,250,369</b>

	<i>Notes</i>	As at <b>30 June 2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,747	2,945
Deferred tax liabilities		<u>13,383</u>	<u>22,202</u>
Total non-current liabilities		<u>15,130</u>	<u>25,147</u>
Net assets		<u><u>1,464,237</u></u>	<u><u>1,225,222</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	12	8,942	8,946
Treasury shares		(24,736)	(22,476)
Other reserves		<u>1,478,900</u>	<u>1,238,752</u>
Non-controlling interests		<u>1,131</u>	<u>—</u>
Total equity		<u><u>1,464,237</u></u>	<u><u>1,225,222</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The nature and impact of the new and revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group’s financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 Leases: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in developing and operating mobile games.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### Geographical information

During the reporting periods, the Group operated within one geographical segment because all of its revenue was generated in the PRC and all of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical segment information is presented.

#### Information about major customers

Revenue from a customer which amounted to more than 10% of the Group's revenue during the six months ended 30 June 2022 and 2021 are set out below:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	71,439	79,220
Customer B	NA*	71,210

\* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.

## 4. REVENUE

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue:</b>		
<b>Types of goods or services</b>		
Self-developed games	477,900	221,068
Third-party games	2,333	5,447
In-game information service	139,553	217,708
	<u>619,786</u>	<u>444,223</u>
Total revenue from contracts with customers	<u>619,786</u>	<u>444,223</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u>619,786</u>	<u>444,223</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Self-developed games	<u>59,183</u>	<u>6,784</u>

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Virtual items in self-developed games*

The performance obligation from operation of self-developed games is satisfied over the estimated Average Player Relation Period as the customer simultaneously receives and consumes in-game virtual items provided by the entity's performance as the entity performs.

The distribution platforms collect the payment from the players purchased the Group's in-game virtual items ("**Paying Players**") and remit the cash to the Company net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and distribution platforms or third party payment vendors. The payment is generally due within 30 to 90 days from the date of collecting the payment from the Paying Players.

*Publishing service for third party games*

The performance obligation is satisfied over time as the third-party game's developer simultaneously receives distribution services provided by the entity's performance as the entity performs. The payment is generally due within 30 to 90 days from the date of billing.

*In-game information service*

The performance obligation is satisfied over time as the advertiser simultaneously receives in-game information service provided by the entity's performance as the entity performs. The payment is generally due within 30 to 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2022 and 31 December 2021 are as follows:

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	<b>Year ended 31 December 2021 RMB'000 (Unaudited)</b>
Within one year	<b><u>94,450</u></b>	<b><u>59,183</u></b>

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

## 5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/ (crediting):

	<b>Six months ended 30 June 2022 RMB'000 (Unaudited)</b>	<b>2021 RMB'000 (Unaudited)</b>
Services fee charged by distribution platforms and payment vendors	<b>157,614</b>	85,666
Cost of in-game information service	<b>19,006</b>	59,818
New media costs	<b>36,884</b>	6,686
Promotion expenses	<b>82,270</b>	48,449
Depreciation of property and equipment	<b>2,042</b>	1,274
Depreciation of right-of-use assets	<b>3,581</b>	1,584
Amortisation of intangible assets	<b>541</b>	192
Research and development costs	<b>49,983</b>	37,675
Impairment of trade receivables*	<b>1,173</b>	557
Auditors' remuneration	<b>600</b>	350
Equity-settled share-based payment expenses	<b>1,554</b>	697
Loss on disposal of items of property and equipment	<b>38</b>	2

\* The provision of impairment for trade receivables is included in "other expenses" in the consolidated statement of profit or loss.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Zen-Game Shenzhen was qualified as “High and New Technology Enterprises” under the EIT Law since year 2019. Accordingly it was entitled to a preferential income tax rate of 15% for a 3-year period since 31 December 2019. Zen-Game Shenzhen is renewing its qualification in 2022. The management expects that Zen-Game Shenzhen will still be qualified as “High and New Technology Enterprises” for 2022. Therefore, it expected the applicable tax rate to be 15% for the six months ended 30 June 2022.

Shenzhen Laiwan Technology Company Limited (hereafter, “**Shenzhen Laiwan**”) was accredited as a “software enterprise” in 2019 under the relevant PRC laws and regulations with a preferential tax treatment (i.e., 2-year exemption and 3-year half payment) from its first profitable year. Therefore, Shenzhen Laiwan was exempted from income tax for its first two profitable years (i.e., 2019 and 2020) and was entitled to a preferential income tax rate of 12.5% from 2021 to 2023.

Shenzhen Tiantianlaiwan Technology Co., Ltd. (hereafter, “**Tiantianlaiwan**”) was qualified as a “software enterprise” in 2020 under the relevant PRC Laws and regulations with a preferential tax treatment (i.e., 2-year exemption and 3-year half payment) from its first profitable year. Therefore, Tiantianlaiwan was exempted from income tax for its first two profitable years (i.e. 2019 and 2020) and was entitled to a preferential income tax rate of 12.5% from 2021 to 2023.

HAINAN TIAN TIAN LAI WAN TECHNOLOGY CO., LTD. (hereafter, “**Hainan Tiantianlaiwan**”) was established in the Hainan Free Trade Port. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Hainan Tiantianlaiwan was 15% for the six months ended 30 June 2022.

Shenzhen Metaverse Technology Co., Ltd. (hereafter, “**Metaverse**”) was qualified as a “software enterprise” in 2021 under the relevant PRC Laws and regulations with a preferential tax treatment (i.e., 2-year exemption and 3-year half payment) from its first profitable year. Therefore, Metaverse was exempted from income tax for its first two profitable years (i.e. 2021 and 2022) and was entitled to a preferential income tax rate of 12.5% from 2023 to 2025.

Pursuant to the PRC Enterprise Income Tax (“**EIT**”) Law and the respective regulations, the other PRC subsidiaries are subject to income tax at a statutory rate of 25% for the reporting periods.

Hong Kong profits tax has been provided at the rate of 16.5% on the Group's assembled profits derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The major components of the income tax expense for the period are as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Current tax		
Charge for the period	<b>26,547</b>	35,936
Deferred tax	<b>(9,129)</b>	(533)
	<hr/>	<hr/>
Total tax charge for the period	<b><u>17,418</u></b>	<b><u>35,403</u></b>

## **7. DIVIDENDS**

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2022 (for six months ended 30 June 2021: nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue, during the six months ended 30 June 2022 and 2021.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	<b>237,010</b>	145,745
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>995,672,255</b>	1,017,444,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>3,254,090</b>	—**
	<b><u>998,926,345*</u></b>	<b><u>1,017,444,000</u></b>

\* The diluted earnings per share amounts are based on the profit for the period of RMB237,010,000, and the weighted average number of ordinary shares of 998,926,345 in issue during the period.

\*\* No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2021 as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

## 9. TRADE RECEIVABLES

The Group's trade receivables primarily consist of those due from third-party distribution platforms and payment vendors who collected payment from Paying Players on behalf of the Group. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and are generally on terms within 90 days.

An aging analysis of the trade receivables as at the end of each of the reporting periods, based on the recognition date of gross trade receivables and net of provision, is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Within 90 days	<b>210,485</b>	177,688
91 to 180 days	<b>1,561</b>	11,580
181 days to 1 year	<b>514</b>	1,818
1 year to 2 years	<b>690</b>	1,751
	<b><u>213,250</u></b>	<b><u>192,837</u></b>

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Wealth management products issued by licensed banks, at fair value	<u>219,982</u>	<u>101,102</u>
	<u><b>219,982</b></u>	<u><b>101,102</b></u>

Wealth management products were denominated in RMB, with an expected rate of return ranging from 1.7% to 3.5% and 2.29% to 3.50% per annum for the six months ended 30 June 2022 and year ended 31 December 2021, respectively. The return on all of these wealth management products is not guaranteed, and hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. None of these investments are past due. The fair values are based on cash flows discounted using the expected return based on management judgement and are categorized within Level 2 of the fair value hierarchy.

## 11. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the reporting periods, based on the invoice date, is as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Within 3 months	<b>13,708</b>	13,573
3 to 6 months	<b>900</b>	198
6 months to 1 year	<b>458</b>	448
1 year to 2 years	<u><b>598</b></u>	<u>763</u>
	<u><b>15,664</b></u>	<u><b>14,982</b></u>

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

## 12. SHARE CAPITAL

### Shares

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Authorized: 50,000,000,000 ordinary shares of HK\$0.01 each as at 30 June 2022 (2021: 50,000,000,000 ordinary shares)	<b>440,000</b>	440,000
Issued and fully paid: 993,462,187 ordinary shares as at 30 June 2022 (2021: 996,642,000 ordinary shares)	<b>8,942</b>	8,946

## **EVENT AFTER THE REPORTING PERIOD**

The Group did not have any significant events after 30 June 2022 and up to the date of this announcement.

## **USE OF PROCEEDS FROM THE LISTING**

The net proceeds raised by the Company from the Listing are approximately HK\$206.5 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at 30 June 2022, all the net proceeds of approximately HK\$206.5 million had been fully utilized by the Group for the purposes set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 3 April 2019 and the supplemental announcement of the Company dated 2 August 2022.

## **EMPLOYEE REMUNERATION AND RELATIONS**

As at 30 June 2022, the Group had approximately 494 employees (490 as at 31 December 2021). As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. Remuneration of the Group’s employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group believes that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the six months ended 30 June 2022.

## **INTERIM DIVIDEND**

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

## **CORPORATE GOVERNANCE CODE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules on the Stock Exchange as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during the six months ended 30 June 2022, save for deviation from code provision C.2.1 of the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

Mr. Ye Sheng is both the chairman of the Board and the chief executive officer of the Group. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within the Group. The Group considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises five other experienced and high-calibre individuals including another two executive Directors and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Board will make consultations with appropriate Board committees and senior management. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the Shareholders as a whole and the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has also adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry with all Directors of the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

## **AUDIT COMMITTEE**

The Company established the Audit Committee written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three members, namely, Mr. Jin Shuhui, Mr. Mao Zhonghua and Mr. Yang Yi, all of whom are independent non-executive Directors. Mr. Jin Shuhui is the chairman of the Audit Committee.

The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the six months ended 30 June 2022 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

The interim results for the six months ended 30 June 2022 is unaudited, but has been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity”.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2022, the Company repurchased a total of 470,000 Shares on the Stock Exchange and the details are set out below:

<b>Date of Repurchase</b>	<b>Number of Shares Repurchased</b>	<b>Price Per Share</b>		<b>Aggregate Consideration</b>
		<b>Highest</b>	<b>Lowest</b>	
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
30 May 2022	470,000	1.42	1.28	650,600

As at 30 June 2022, 470,000 Shares were repurchased and to be cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.zen-game.com>). The interim report for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

## DEFINITIONS

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

“ARPPU”	monthly average revenue per paying user, which represents the revenue for the period divided by the number of paying players in such period, and then divided by the number of months in such period
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”	Zengame Technology Holding Limited (禪遊科技控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2018
“Corporate Governance Code”	code on corporate governance practices contained in Appendix 14 to the Listing Rules
“DAU”	daily active users
“Director(s)”	the director(s) of the Company
“Free-to-Play”	a business model which players can play games for free, but may need to pay for virtual items sold in games to enhance their game experience
“Group”	collectively, the Company and its subsidiaries
“HK\$”, “HKD” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

“HKFRS”	Hong Kong Financial Reporting Standards
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“MAU”	monthly active users
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
“MPU”	monthly paying users
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zen-Game Shenzhen”	Shenzhen Zen-Game Technology Co. Ltd.* (深圳市禪遊科技股份有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent

\* The English translation of Chinese entity is for identification purpose only.

By Order of the Board  
**Zengame Technology Holding Limited**  
**Ye Sheng**  
*Chairman*

Hong Kong, 22 August 2022

*As at the date of this announcement, the executive Directors are Mr. Ye Sheng, Mr. Yang Min and Ms. Xiong Mi, and the independent non-executive Directors are Mr. Jin Shuhui, Mr. Mao Zhonghua and Mr. Yang Yi.*