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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 year ended 31 December 2022 and the information currently available to the Group, it is expected that the Group will record a net loss in the range of approximately RMB210.0 million to RMB225.0 million for the year ended 31 December 2022. The net profit of the Group for the year ended 31 December 2021 was RMB593.9 million.

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

- (1) revenue decreased by around 30% to 35% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, primarily attributable to the postponement of obtaining licences as scheduled for various games planned to be published by the Group during the year ended 31 December 2022 and the decrease in revenue generated from certain games which have entered into the late stage of their life cycle;
- (2) non-operating other income and gains decreased by around 60% to 80% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, primarily attributable to the relatively considerable gains arising from disposal of investments in certain associates during the year ended 31 December 2021;

- (3) non-operating impairment of financial and contract assets increased by around 130% to 180% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, primarily attributable to an impairment on a prepayment paid for a conditional share purchase, which has been reclassified to deposits and other receivables during the year ended 31 December 2021; and
- (4) non-operating other expenses increased by around 490% to 550% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, primarily attributable to (i) the digital publishing performance of certain investee companies of the Group in Mainland China did not meet expectations in 2022, which resulted in decline in the operating performance. Accordingly, the Group recognised impairment provisions corresponding to the above-mentioned investee companies; and (ii) the significant fair value losses on financial assets at fair value through profit or loss.

The Board is of the view that, notwithstanding the Group recorded a net loss for the year ended 31 December 2022, the Group's operating segments have continued to generate profits for the year ended 31 December 2022, and the net loss was primarily attributable to the reasons above. 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 first half of 2023.

As at the date of this announcement, the Company is in the process of finalising the consolidated annual results of the Group for the year ended 31 December 2022. 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 annual results announcement of the Group for the year ended 31 December 2022, which is expected to be released by the end of March 2023.

**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, 19 March 2023

*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.*