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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 of the Group for the six months ended 30 June 2024 and the information currently available to the Group, the Group is expected to record a net loss of not more than RMB243.0 million for the six months ended 30 June 2024. The net profit of the Group for the six months ended 30 June 2023 was RMB51.0 million.

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

- (1) non-operating other income and gains for the six months ended 30 June 2024 has decreased as compared to the six months ended 30 June 2023. During the six months ended 30 June 2023, the Group has benefited from the good performance of certain research and development companies invested in and from a relatively higher increase in the fair value of the stocks of certain listed companies held by the Group;

- (2) non-operating other expenses for the six months ended 30 June 2024 has increased as compared to the six months ended 30 June 2023, primarily attributable to the recognition of impairment provisions of the prepaid licence fees of some games before launch as well as the increase in fair value losses on financial assets at fair value through profit or loss during the six months ended 30 June 2024; and
- (3) revenue for the six months ended 30 June 2024 has decreased as compared to the six months ended 30 June 2023 because during the six months ended 30 June 2024, the launch of new games have been deferred, resulting in a decrease in revenue generated from these games, and the self-developed game *Legend of Sword and Fairy: World* (仙劍世界) was in a testing stage and therefore was unable to generate revenue during the reporting period;

The Board is of the view that, notwithstanding the Group recorded a net loss for the six months ended 30 June 2024, the Group's operating segments have continued to generate profits for the six months ended 30 June 2024, 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, multiple new games will be launched in the second half of 2024 to generate revenue, and the Group's results of operations is expected to improve in the second half of 2024.

As at the date of this announcement, the Company is in the process of finalising the unaudited consolidated results of the Group for the six months ended 30 June 2024. 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 the six months ended 30 June 2024, which is expected to be released by the end of August 2024.

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, 25 August 2024

As at the date of this announcement, the Board comprises Mr. XIAO Jian, Mr. SIN Hendrick M.H. and Mr. FAN Yingjie as executive Directors; Mr. ZHANG Shengyan and Mr. JIANG Yukai as non-executive Directors; and Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yukai as independent non-executive Directors.